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MADRIGAL NIETO CALLS FOR 'MARSHALL PLAN' FOR CENTRAL AMERICA

San Jose LA NACION in Spanish 5 Mar 80 Sec A p 8

[Text] So that the Central American nations will not fall under the communist control of the Soviet Union, the former president of the Legislative Assembly, Rodrigo Madrigal Nieto, emphasized yesterday in the United States the need for instituting a "Marshall Plan" for the Isthmus.

In delivering a breakfast talk at the Carnegie Endowment of Peace in New York, Deputy Madrigal (Unity Party-San Jose) said that the two nations in the area wherein the crisis is at its most critical stage are Guatemala and El Salvador.

He added: "Honduras is experiencing a difficult situation, which also seems to be leading it into one of that country's traditional politicomilitary crises. Nicaragua is at the crossroads of a political, moral and material reconstruction which may well end up with a democratic system, accompanied by a moderate left wing government in power, or inevitably with a communist dictatorship."

With regard to Costa Rica, he said that, despite the fact that democracy is being safeguarded, there are dangers hovering, which "result from the stormy atmosphere in the neighboring countries; while others are a reflection of the world crisis and of certain structural problems."

Therefore, he pointed out that "a genuine 'Marshall Plan' is needed for the Isthmus, which would enable its countries to surmount serious obstacles and put their people on the path to progress."

He gave a reminder that when Europe was devastated by war, the United States aided it with vast amounts of money. He remarked: "The assistance was even given to nations which had made war on it. Europe was reconstructed, and it has proven to be a balancing factor in the worldwide political equation."

He also noted that, in order to achieve peace in the Middle East and, of course, to protect the oil supply, the United States has invested billions of dollars. "Its effort involved a humanitarian goal and an economic purpose. But, in any event, it demonstrated the clearcut, resolute desire of the United States."

He added: "Russia, owing to its interest in political communication with Cuba, has also invested billions of dollars in that island. The United States has never done anything similar in Central America, despite the fact that such an operation would not require such large sums of money."

At the same time, he said that much of the economic aid as well as the technical assistance would redound to the benefit of the United States companies during a period of recession, because a large portion of the products and input would come from North American industry.

Peaceful Means

According to Madrigal, there would be achieved, through peaceful means, an accelerated progress for the society itself and, at the same time, excessive nationalization wherein the political and economic power are combined, with the dangers that this involves, would be precluded. And the excessive state bureaucracy which is as common as it is burdensome in other countries would be curbed or reduced.

He remarked: "Perhaps no one objects to loans for countries which are considered communist, such as Nicaragua, for example, or others which may possibly succumb to communism, such as El Salvador, let us say. The fact is that, if this effort were made, it is quite likely that a gradual, constructive and democratic social change would be achieved. Otherwise, it is certain that Russia would reap this harvest without much effort on its part."

He observed: "On the other hand, I would ask: Have not the new loans which the United States has generously given to the Soviet Union in recent years exceeded a billion by now? And how much more has been given to the other Warsaw Pact countries? With such a record, what ethic would be associated with the excuse that I am citing, when the United States was for so many years the protector of dictators such as Somoza, the origin of many of these evils?"

He subsequently declared: "I am well aware that I am talking about an ideal, perhaps a utopia. This contribution need not entail intervention that would interfere with our sovereignty, nor need it be a channel for subjecting us to the multinational companies. No. It must be an enterprise that is conducted with altruism, and with a lofty spirit of human solidarity. It must result from a desire and consensus shared by the United States and the respective Central American nation."

Madrigal Nieto concluded by saying: "Convinced that, on the long path of history, such contributions are only the material ingredient required for a spiritual, political and intellectual projection that is infinitely more vast and profound, I have therefore chosen, with these modest ideas, to take the risk assumed by every idealist, before becoming submerged in a materialistic, pragmatic concept which only leads one to observe unresponsively the tragedy of these nations as it occurs."

2909

CSO: 3010

BOLIVIA

BRIEFS

NEW POLITICAL PARTY--The Nationalist Unity Front (FUN), the Bolivian Democratic Union (UDB) and the National Democratic Women's Party (PARFENADE) have joined forces to form a single party called the Bolivian Democratic Party [Union Democratica Boliviana--UDB]. [PY200155 La Paz EL DIARIO in Spanish 15 Mar 80 p 1 PY]

COST OF LIVING--La Paz, 18 Mar (AFP)--According to an official report the cost of living in Bolivia rose 19.72 percent during 1979. [Paris AFP in Spanish 0547 GMT 19 Mar 80 PY]

NEW BRAZILIAN AMBASSADOR--The new Brazilian ambassador to Bolivia, Affonso Arinos de Mello, presented his credentials to President Lidia Gueiler on 7 March 1980. [PY142356 La Paz EL DIARIO in Spanish 8 Mar 80 p 3 PY]

AMBASSADORS APPOINTED--The national senate has approved the following appointments: Jose Luis Roca, ambassador to Great Britain; William Bluske, ambassador to Spain; and Javier Torres Gotia, ambassador to Mexico. [La Paz PRESENCIA in Spanish 11 Mar 80 p 9 PY]

CSO: 3010

BREZHNEV'S CHILE-AFGHANISTAN COMPARISON ANALYZED

Santiago EL MERCURIO in Spanish 21 Feb 80 p A 3

[Text] When Leonid Brezhnev had to give a reason that would justify the Soviet invasion of Afghanistan, he said that his country's troops had acted "to prevent a repetition of Chile." Months later, in statements made in Helsinki, one of the principal commentators of the newspaper IZVESTIYA--a Soviet government organ--asserted that the Red Army would remain in the invaded territory "to prevent a second Chile."

This is not, therefore, a propagandistic statement made in the heat of the moment, but the statement of a well-thought-out and deliberately applied policy. Afghanistan is suffering what Chile might well have suffered if the distance separating it from the Soviet Union were not so great. The Chilean people were able to decide their own destiny only because geography prevented the intervention of those tanks which, before the presidential election of 1970, were called by some "the instruments of the campaign of terror." That armor was no fantasy. Today it is driving through the streets of Kabul.

The Brezhnev Doctrine, which dates back to the invasion of Czechoslovakia in 1968, has been in existence for 12 years now. It holds that no country which has had a socialist government will be allowed to return to its previous system, or to exchange socialism for any other system if the Red Army is in a position to prevent it. The thesis of the Moscow official is that, since socialism is the most perfect, efficient and just of all systems, no society could wish to abandon it. Therefore, the fall of a Communist regime can only be the result of foreign intervention. The Red Army acts against such intervention. This doctrine was put into practice in Czechoslovakia in 1968, and provided an *a posteriori* justification for previous Soviet military actions in East Germany, Poland and Hungary. Now it's being used to explain the Soviet invasion of Afghanistan. And the Soviets obviously regret that it couldn't be applied to Chile.

No society, since the Russian Revolution of October 1917, has freely chosen Communism. One must not confuse what Brezhnev calls socialism, which is the ruling system in the USSR, with European social democracy, which is

evolutionary and reformist. In Russia it was a violent minority, headed by Lenin, that imposed Bolshevism on the majority, who were Mensheviks, social revolutionaries and KDT. In China Mao's regime was installed at the end of a long civil war. Fidel Castro arrived in Havana Tommy-gun in hand. Eastern European countries had to accept a system imposed upon them by Soviet armies of occupation.

Chile is an exception, because contrary to what Brezhnev and his propagandists say, this country never voted for Communism. The candidate of the Popular Unity Party got 36 percent of the votes cast, and among his partisans there were many enemies of Bolshevism. It was precisely the attempt to establish Communism, violating the rules of the electoral game and going against the desires of the vast majority of the people, that provoked the overthrow of Salvador Allende. Even before the military uprising the will of the people had manifested itself in the shutdown of transport and commerce, the copperminers' strike and large demonstrations by women.

But to the Soviet leadership, that will does not count. They promise to maintain any socialist regime whatever, with their powerful armies. We have already seen that all existing socialist regimes came to power by force, and stay there the same way.

The Soviet leadership does well to compare Afghanistan and Chile, though in terms of economic and cultural development they might better have compared Chile and Czechoslovakia. These are nations that knew democracy and later had to endure Marxism; nations that decided they didn't want to continue under Marxism, and looked for a way to abandon it.

The historical parallel is valid, as is the historical difference. Chile was far away; Afghanistan and Czechoslovakia were nearby. No matter how much it might wish to, no nation can cease to be socialist if it is located within the Red Army's geographical sphere of effective action. It's evident that every advance of the borders of the USSR and those of its satellites augments the territorial reach of the Brezhnev Doctrine. If in the future France or Italy installed socialist governments, Moscow would feel itself authorized to maintain such governments forcibly, even if they were to lose subsequent elections.

Such is the deeper meaning of the parallel that the leadership and propagandists of Moscow are drawing between Chile and Afghanistan.

8926

CSO: 3010

CONDITIONS FOR NATION'S FUTURE GROWTH OUTLINED

Santiago EL MERCURIO in Spanish 1 Mar 80 p A 3

[Text] The objective of all the governments and political or ideological movements that have been responsible for running this country has been to turn Chile into a great nation, one with accelerated economic development, a high standard of living, and genuine democracy that gives real meaning to the exercise of individual rights. Innumerable attempts have been made to achieve these aims, but judged by any standard, the results have been disappointing.

Incomes, standard of living, employment and investments have all shown insufficient growth. The best proof that the country has not conducted itself like a great nation is the poor performance of per capita income. In the first place, it didn't increase at all between 1929 and 1957. Thus 28 years of potential development were completely lost to the nation. On the other hand, between 1940 and 1957, growth of per capita production was less than one percent annually. During the period 1950-1970 our per capita growth was 1.4 percent, clearly an insufficient rate, one well below those of other moderately developed nations, and below the average for Latin America.

Chile has not been able to become a great nation because for many decades now it has shown extremely low rates of economic growth. Clearly when this happens social conditions cannot be significantly improved and centers of extreme poverty tend to remain unchanged. Without rapid growth there can be no integration of the large national majorities into Chilean society. In order to achieve that goal, then, the country must grow at a faster pace. This has indeed been happening since 1976, and it appears that it will continue to happen this year. The average growth of production for the last 4 years has been approximately eight percent annually. If this continues for the next 5 or 10 years, Chile will have become a nation whose citizens enjoy the minimal comforts of the modern world, and one in which, therefore, social conflicts are moderate.

For Chile to become a great nation, however, solid economic and social development are not enough. We must also be able to count on political institutions that guarantee respect for individual rights, permit the incorporation

of modern techniques in government, delegate power to intermediate groups and individuals, and constitute in total a decentralized democracy in which totalitarian concepts are out of place by virtue of the force of real personal freedom and the dilution of power.

The former democracy of Chile not only did not achieve economic and social development, but also created, instead, a system of political freedoms--in many aspects these were only on paper--that led to a crisis in the face of the vicissitudes of statism and its natural counterpart, totalitarianism.

The country has begun a process of decentralization which is still nascent. If it continues with vigor, new conditions will begin to appear that will lay the groundwork for a new set of political institutions that guarantee the exercise of personal freedoms.

Conditions for Accelerated Growth in the Future

Economies grow through expanded capital, both physical and human, and depending on the quality of that capital. It is a question of investment, then, but priority must be given to the sectors that will yield the highest return. We must improve the education of the population, but in areas where the needs of the country can best be served. The quality of health services, infant nutrition and basic education must be improved. We must free up natural resources that cannot now be exploited, and incorporate new technology and forms of organization that will enable us to generate a greater aggregate value per unit of productive resources.

For many years in Chile it has been assumed that this must be accomplished in a centralized manner, through plans designed by the State in which each person, unit of capital or natural resource is placed in precisely the right pigeonhole in order to achieve development. Planning has been discredited, not only because it is impossible to please everyone, but also because the plans, when implemented, have not been successful. This is due to widespread price distortions--with the resulting inefficiency and lack of creativity, coming from the absence of competition--and the centralization of decision-making in the state bureaucracies.

In our country there has been a lot of talk about the role of government in industrialization, as well as the role of important enterprises such as National Electric Power, Inc (ENDESA), Pacific Steel Company (CAP), National Petroleum Enterprise (ENAP), etc. The fact is, however, that Chile's growth rate in recent decades has been among the worst in the world, and that inefficiency and stagnation reached such extremes that they were comparable only to those of lesser developed countries or of some centralized economies, such as Cuba's, India's, or China's.

If Chile aspires to be a great nation, it must continue growing rapidly, which means that it must encourage more efficiency through greater competition. This can only be attained if the market plays a more active role in the allocation of resources, within a context of greater access by foreigners,

which requires increasing efficiency and widespread dynamism and creativity in all the investment opportunities the country has to offer.

Nonetheless, as mentioned earlier, it is also indispensable that we open up access to natural resources that the State has been holding back from development. The mines, lands and various types of stock that are not now available for private investment should be opened up, of course with the proviso that the necessary measures be taken if the common good so demands.

In the areas of production where there are state monopolies--and there are a lot of those in Chile--it is essential that we clearly define the limits of official activity, and future policy on these matters. If this is not done, private initiative will not be able to bring capital into these sectors. Obviously a private project could not be undertaken in the area of energy unless the operating regulations of enterprises such as ENAP, Chilean Electric Company, Ltd (CHILECTRA) or ENDESA are clearly spelled out. By the same token, modern development of telecommunications is inconceivable without a clarification of the activities of companies such as the National Telecommunications Company (ENTEL), the Telephone, Postal and Telegraph Company, etc. The same thing must be done in regard to vital areas such as air transport, maritime and land transportation systems, highway projects, education, health, social security, the mass media and others.

Investment has grown tremendously in Chile in the last 2 years, particularly in the private sector. However, the current rate of investment, which should be about 15 percent of production, is still insufficient and must be stimulated in the future. This is only possible if investment opportunities are explained clearly. The government has a fundamental role to play in this respect, given the great economic importance of its activities. Thus, the government must establish the rules for future development and invest in the enterprises or resources that it does not want to put in private hands. Some reforms are unavoidable, in areas such as health and education. Without them it is useless to think about accelerated development and about making Chile a great nation.

Socialist programs, which have been predominant up to now, are costly, inefficient, inadequate for the country's development needs, and consequently should be completely revamped. Clearly this correction process can only be carried out by abandoning the statist orientation, in exchange for decentralized forms which, in addition to allowing for greater efficiency and greater adaptation to the development model, would permit full enjoyment of personal freedoms that until now have been severely limited by extensive state interference.

Attaining Real Freedom

Basic to achieving a true democracy is the transfer of power from the State to intermediate groups and individuals. In addition, a competitive economic system should be implemented in order to prevent monopolies and undesirable

concentrations of power. It doesn't do the community much good to elect its leaders if the latter have so much power and discretion that they can violate the most basic personal rights every day. In Chile, these rights have been seriously restricted by the State's power and actions for many years, not through impersonal and general rules, but through discriminatory ones that favor some people above others. The freedoms of consumption, savings, travel abroad, work and other basic freedoms were gradually disappearing from this country, all because of the application of state measures or the mere presence of the government through officials who acted in the name of the common good or the poor.

In order to consolidate an effective personal freedom, it is essential to respect private property and keep the State's participation in the production of goods and services to a minimum, without damaging the subsidiary role that the government should play in the redistribution of income and in social investment. Centralization is incompatible with a true democracy, particularly in areas such as education or communications.

What has already been done in decentralizing and diluting economic power and labor should be extended to social security, health, education and other areas. The traditional socialist practices that brought the country to economic and political ruin should be done away with once and for all. Only when this happens can we expect the emergence of democratic institutions in which government leaders must devote themselves to great politics. The most effective way to combat the constant temptation of totalitarianism is to turn over maximum power and freedom to intermediate groups and individuals.

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CSO: 3010

MINISTERIAL PROGRAMS FOR 1980 STRESS COMMUNICATION

Santiago EL MERCURIO in Spanish 24 Feb 80 p A3

[Text] 1980 Programs

As their name indicates, the ministerial programs do not describe the fundamental goals of the government--political institutions or an external orientation--but rather provide an accurate picture of where our political future lies. The first requirement of programs is that they have enough continuity and stability in government activities. In the immediate future, it would be unthinkable to have a serious contradiction between government actions and these instructions to the cabinet ministers. Therefore, there should be a careful revision of the text of the instructions--146 pages of concise writing--because in addition to self-criticism (when repeated mention is made of orders that were not followed in years past) the document contains a suggestive variety of proposals for new projects.

The general outlook of the 1980 programs indicates that the administration is finally beginning to overcome the endemic lack of coordination of the government machinery. There is evident interest in all areas in resolving old, troublesome problems and unpopular issues. Likewise, all parts of the document reflect a clear aspiration to improve the lot of the poorest sectors of the population, as well as a yearning to make the public sector more dynamic; it is already expected to produce yields similar to those of the private sector.

Ever since the system was initiated in 1975, it has proven to be a good idea to publicize the ministerial programs, informing public opinion expressly of the deadlines for various plans. In 1979 well over two-thirds of the programs met their goals. But in the third that did not meet the deadlines, we can find a useful guide for the tasks that were not carried out; probably these tasks would have been lost in oblivion if these demanding procedures did not exist.

In many cases, the program goals were not met because of unrealistic scheduling of enormous tasks (administrative reform, modernization of the system of justice or a final study on social security) without breaking them down into

stages to ensure their completion within a yearly period. This tendency was eliminated in the 1980 programs. But there are many other delays that are inexcusable; they figure in this year's programs much as they did in 1979. Such is the case of the projects involving fishing policy and the new fishing law; the new drug law; the new corporation law; the organization of the holdings of public enterprises; the regionalization of the judicial branch; code modifications; the prison system and the clarification of property deeds.

Due to a lack of space, we cannot list all the ministerial tasks of 1980 that are of some importance, but it is worth citing some of them which reflect the government's intention to coordinate its activities.

For example, from now on the same system of turnkey construction that was used in housing will be the norm in the building of schools, hospitals, jails, highways or sanitation facilities. A common provision has also been established for the internal organization of the main public enterprises. The National Petroleum Enterprise (ENAP) will have to form several independent subsidiary corporations, each with a specific duty (exploration, exploitation, marketing, transportation), which will ensure easier supervision of activities; the same system has been set up for the Pacific Steel Company (CAP), the Chilean Chemical and Mining Association (SOQUIMICH), the Chilean Railroad (FFCC), National Electric Power, Inc (ENDESA) and Chilean Electric Company, Ltd (CHILECTRA). The programs set precise limits on investments in these public enterprises, and also oblige them to generate surpluses. In another aspect, all government departments are subject to peremptory targets in order to liquidate the State's dispensable or unproductive holdings which have given rise to such outrageous scandals as those recently involving the social security funds. This provision will affect a large number of holdings: the Ministry of Lands, for example, will have to sell government property valued at \$50 million, as opposed to \$2.5 million in 1979.

In other areas (the approach to the new bankruptcy law, the opening up of telecommunications or the elimination of obstacles to the freedom to work), there has been a welcome proposal to encourage private initiative and discourage monopolies that are so damaging to those trying to get into the job market.

The same orientation is being given to other areas of the economy (of course in a gradual manner) as well as in labor, the legal system, health and education.

Communication, an Important Concern

Aside from the features mentioned above, the programs reflect great concern for communications between the government and the citizenry, which can only be attributed to a general awareness of its faults and weaknesses.

Thus the General Secretariat of Government has been charged with finishing up the "study and implementation of a definite communications plan, which will

serve as a basis of support for government action and for its relations with the citizenry." All the ministers are also instructed to set up publicity programs and to personally participate in talks and seminars. The Ministry of the Interior is to publicize various programs (forestation, manpower, training, housing subsidies), and the community social assistance committees will have the responsibility of identifying the groups most severely affected by poverty and channeling this information back to the authorities and agencies in charge of providing assistance.

In the numerous provisions of the programs that involve this theme, there is a lot of variety and many different needs. Some appear not to give due consideration to the efforts of the press. For example, it is curious that the general instructions to the ministers state that they "should publish articles in the national and international media that analyze and report on the work of the ministry." Judging by the nature of this statement, it appears to be referring to paid advertising space in the print media. The imprecise mention of "articles" is confusing, since the independent press, when it prints pieces written by people other than its own correspondents, does so upon its own request. This is incompatible with an obligation imposed by a minister, which perhaps cannot be met.

But the most important thing is the recognition that there is a problem of communication between the authorities and the citizens. This situation is emphasized by the fact that the government is now thinking about the need to draw up a plan in that respect, after 6 years in office. Public opinion polls have reflected this situation, and people's reactions have highlighted it even more: few people are aware of the real benefits and the fundamental orientation of the government's extensive activities. If a social program is thinking of "an income redistribution policy that is based on a progressive tax system and on the reorientation of resources towards the social sectors," it is only logical for the people who are directly benefited by the social programs in progress to learn their rights and receive this type of stimulus in order to overcome their extreme poverty. As has been said so many times, social benefits can multiply many times if they are used to awaken the enthusiasm of the privileged. But this is impossible if there is no information, and if it is assumed that the less well-educated sectors are capable of receiving information just as easily as the urban, more affluent sectors, and through the same communication media.

It is significant, however, that for the first time the ministerial programs have made the high officials personally responsible for communication, an element which is truly one of the keys to success in this area. For a military government which has no desire to perpetuate itself in power and has no partisan goals to publicize its achievements and objectives cannot be considered propaganda; rather, it is open information, capable of generating real convictions among the people. This mission of communication is, as it must be, a political obligation as noble and essential as that of carrying out government programs.

Until now, however, the ministers and officials seem to have recoiled from this leadership role which their positions require of them, preferring to concentrate on actually meeting their goals. This phenomenon is unfortunate, because it leaves to the president of the republic the fundamental task of communication. He cannot always take it on, due to a lack of time, and especially because he is involved in a higher form of leadership, which often prevents him from going into detail or becoming embroiled in controversy.

The task of communication demands attention in all aspects of government administration. The mass media have shown their professionalism in obtaining information from the different ministries and public departments, which many times refuse to provide information for no good reason, or under the pretext of lacking authorization (which is not necessary when the official providing the data is acting within his own sphere of responsibility).

Community Organization

The ministerial programs also reveal something about the implementation of a plan to promote and organize the community, which is directly related to the open communication that is necessary, in that it ensures the existence of an adequate channel for receiving and giving information among the masses.

The Community Development Councils that have still not achieved a personality of their own will be supported, and the participation in these councils by the Community Union of Neighborhood Councils will be encouraged. It is also hoped that rapid progress will be made towards legally constituting at least 50 percent of the Neighborhood Councils in each community, which is indispensable for forming a union.

At the same time, the ministers are informed of the need to push through new legislation on community organizations, and of the urgent need to provide adequate training for community leaders.

At this point it seems clear that community organization is concentrating, and with reason, many of the tasks that were formerly done by the state agencies at the expense of efficiency. The minimum employment program, literacy, participation in the schools, and the food programs are all now sponsored by the municipalities. The great war that must be waged against extreme poverty is in the hands of many of the community committees, which must find out which families are in these circumstances and make sure action is taken to help them.

The strengthening of community organizations, then, is a vital need that would mean that mayors would know they were not alone in carrying out their overwhelming tasks; furthermore, it would provide them with community support, which is urgently needed in order to proceed with the social program and lead citizen participation to the areas where it is most needed.

8926

CSO: 3010

COUNTRY DOES NOT HAVE BALANCE OF PAYMENTS PROBLEMS

San Jose LA REPUBLICA in Spanish 7 Mar 80 Supplement p 5

[Text] According to the OFIPLAN [National Planning Office] National Development Plan, there are no problems involving the balance of payments, nor is there any fear about employment.

The Plan states that, despite the negative results in the balance of payments, they are not a problem per se, but only insofar as they may affect the growth of the economy, "which has been overly dependent on external resources."

At the end of the period, the balance in current account will exceed \$650 million. Moreover, it is estimated that there will be an increase in outlays for return on investments amounting to about 10.1 percent per year, a percentage which is compatible with the estimate on the increment in direct foreign investment.

Despite the figures that have been submitted, the deficit in the balance of payments will remain within manageable limits during the interval when the Plan is in effect, regardless of the loss that has been estimated in terms of exchange and the large absolute deficit in current account which will appear.

These deficits could prove to be intolerable within a period of time, if the overall measures cited in the Plan are not given an impetus.

Employment

In view of the high growth rate projected for the economically active population (an average of 4.2 percent per year), the growth rate for employment, estimated at 4.39 percent, is considered satisfactory. It is expected to bring a slight decline in the unemployment that occurs between 1978 and 1982, decreasing from 4.5 to 4.3 percent of the economically active population.

The agricultural and livestock sector will continue to be the leading source of employment for Costa Ricans. It is estimated that, by 1982, that sector will include 28.1 percent of the total number of those employed in the country. Finally, it should be emphasized that an annual growth rate of 4.5 percent has been predicted in employment in the public sector, and 4.2 percent in the private sector.

The public sector's share of the total population employed will thereby increase, but at a rate considerably lower than that in recent years.

2909

CSO: 3010

TRADE DEFICIT DISCUSSED IN 'LA REPUBLICA'

Deficit Cannot Continue

San Jose LA REPUBLICA in Spanish 15 Feb 80 p 8

[Editorial: "Balance of Trade"]

[Text] During delivery of the microbus bodies which were manufactured for Honduras by the COOPESA, Vice President Jose Miguel Alfaro said that it was absolutely impossible for Costa Rica to continue importing much more than it exports and announced a policy designed to bring this situation into balance, although he did not state concretely what that policy entails.

Vice President Alfaro's proposal is correct and, to the formulation and application of a policy limiting the import of nonessential articles and bringing about an increase in Costa Rican exports, all of us Costa Ricans must lend ourselves, some by contributing our knowledge and experience, others by supporting the measures ordered and all of us attempting to ensure accelerated growth of production.

If we accept the reality that every day we must invest more in the import of energy and know that traditionally we buy more abroad than we produce, we must reach the conclusion that technically we are a country with a bankrupt economy and that we are casting ourselves into an abyss with irreversible results if we fail to radically modify that economic plan as soon as possible.

It is not enough to limit imports by means of decrees. It is necessary for the country at the same time to increase its exportable articles. Unfortunately, we must confess that the growth rate of our production is absolutely insufficient and that the origin of the crisis through which our economy is moving is precisely production which lacks the vigor which some thought it would receive from liberalization of economic policies, with the weaning of private initiative from the protection of the state.

We now know that this liberalized policy, which produced spectacular results in other nations, was only applied halfway here, and that this factor may contain the explanation for its relative failure in our country.

What is important here is that Vice President Alfaro has announced a policy clearly directed toward correction of the present situation, through serious stimulation of exports and a decrease of imports to the degree necessary.

We must await proclamation of this policy so that we can resolutely support it if, as we expect, it is in the national interest, because it is true that we definitely cannot continue to spend enormously more than we produce, as there is no private or public economy which can indefinitely put up with that situation.

Vice President Discusses Problem

San Jose LA REPUBLICA in Spanish 23 Feb 80 p 7

[Text of letter from Vice President Jose Miguel Alfaro to Editor Joaquin Vargas Gene commenting on the LA REPUBLICA editorial of 15 February]

[Text] I want to congratulate you for the attitude of the newspaper of which you are the editor, an attitude which was reiterated in your editorial on 15 February.

The patriotic attitude of assuming the burden of responsibilities which, as a newspaper falls within the purview of LA REPUBLICA, in the common effort we have undertaken to lift the country out of the difficult situation in which we Costa Ricans have been placed over many years, could not be more plausible.

The editorial I mentioned made reference to the position I took at the ceremony during which COOPESA wished to call attention to the delivery of 10 autobus bodies to the government of Honduras, which were designed, built and programmed totally by Costa Rican workers and engineers of the cooperative enterprise.

My speech on that occasion was in my dual capacity as vice president of the republic and member of the COOPESA board of directors, on which I have the honor of representing the state.

I then called attention to and expressed my satisfaction with the magnificent example given by national workers with their ingenuity, hard work and application; and I took the opportunity to emphasize the fact that an important export of bus bodies in some measure can have a significant influence on the nation's balance of trade situation which has been kept in the red by Costa Rica for at least the last 36 years; i.e., buying more than we sell.

Possibly due to a lack of foresight by those responsible for the overall management of our economy, this trade imbalance was considered in the past as an irreversible situation and no consistent and constant policy was designed to convert us into exporters instead of being the big unregenerates that we are.

It is well known that a country is like a family or like an enterprise which, if it spends more than it earns, sees itself in debt until it reaches an

untenable situation leading it irretrievably into bankruptcy, with the great national disadvantage that the bankruptcy of a nation is not only economic but also moral.

This situation of spending more than we produce becomes more dramatic at a time of world crisis, brought on by the continuing rise in the price of oil which so harshly is hitting all countries, particularly those which, like our own, are developing.

Taking into consideration all these situations which were created in both the Government Program of President Carazo and the National Development Plan of Gregorio Jose Ramirez, the major guidelines were established, which were implemented by means of actions that arouse the spirit and give stimulus to national production, the only way to get out of the situation in which we find ourselves, without causing sharp repercussions for our economy.

The following are examples of the concrete actions taken to turn the country's situation around, which is buying more than it sells, initiated on 8 May 1979:

1. National tuna policy and development of the fishing industry by means of which not only was the sovereignty of Costa Rica over its patrimonial and territorial waters reaffirmed but also the tuna catch has been increased fivefold, and a large national fishing fleet has been established which soon will have the infrastructure needed for its operation;
2. Plan for coffee development which is designed to double coffee production, through reseedling, rotation of plantations and the growing of new varieties. This project is totally financed;
3. Plan for cacao development which provides for a permanent fight against Monilia and stimulation of cacao exports through a substantial reduction in export taxes;
4. National Plan for Banana Development which, by 1982, is designed to make the country the number one banana exporter in the world, with a production of 65 million crates. This plan, in addition to the planting of 7,500 hectares of new plantations, provides for a series of incentives for those who use modern methods of cultivation to increase per hectare production.
5. Increase in national meat production with a permanent struggle to increase export quotas to traditional markets and opening of new markets in South America, the Caribbean and Europe.
6. National Coconut Plan which raises the price per nut from 0.10 colones to 1.35 colones as the result of the lifting of the ban on the export of coconuts to world markets, the introduction of new, more productive and disease-resistant varieties and the cultivation of large land areas particularly in Parisimina by farmer cooperatives;
7. Improvement of the national port system with important projects on the Atlantic and Pacific coasts which have forced conferences of members of multinational shipowners to lower port charges which they had imposed upon us for several years;

8. Rationalization of bank credit to encourage productivity and avoid the flight of foreign exchange and capital which sought greater profits in interest in other countries;

9. Decided and open stimulation of private enterprise in the construction of public works of all kinds by inviting it to participate in construction bids worth billions of colones;

10. Incentives for production of national milk, after 4 years of price freezes;

11. Stimulation of crops of Palma Africana and oil production, after 4 years during which prices were frozen and there was a total lack of incentive for the production of vegetable fats, with the planting of 36,000 hectares in the southern part of the country;

12. Timely publication of support prices for the basic grains: rice, beans, corn, sorghum and cotton to given security and incentive to farmers;

13. Extension of crop insurance coverage to Upala bean farmers;

14. Incentives and encouragement for the growing of winter sorghum;

15. National Reforestation Plan which, by means of substantial economic incentives, seeks to prevent Costa Rica from becoming a real desert by the end of the century, by giving incentives to nationals for the reforestation of the country which annually loses 40,000 hectares of its forests;

16. Plan for cotton development;

17. Stimulus to the national energy plan with accelerated construction of hydroelectric plants;

18. National plan for development of exports, which has just been announced;

19. National energy policy which focused on the establishment of a Ministry of Energy. Continuing search for energy substitutes for hydrocarbons, such as volcanic, solar, etc., energy;

20. Defense of a fair price for hydrocarbons for developing countries which definitely contributed to Venezuelan oil Minister Calderon Verti's announcement that Venezuela would have differential prices for Venezuelan oil;

21. Agriculture fairs throughout the country.

These Joaquin, are some examples of what is being done as part of the overall, completely-defined plan designed to correct the serious situation of an endemic problem of imbalance between revenues and expenditures which increasingly causes us to go into debt.

Joaquin, the Gregorio Jose Ramirez Plan seeks to create and stimulate the frame of reference for socioeconomic development oriented toward making the integral development of the human person possible. The basic instrument of the integral development of man is the productivity of the economy. A priority objective of production is a balance between imports and exports and the subsequent conversion of Costa Rica into an exporting country. Thus the eagerness of the Carazo administration to bring about a change in the thinking of the country in the sense expressed.

To this end, government officials of the present administration, President Carazo and his colleagues are continually stressing the fact that all Costa Ricans have the responsibility for national development without exception and that the central government as such is solely responsible for being the leader and orienter of this development policy.

8143

CSO: 3010

FREE TRADE ACCORD WITH JAPAN SIGNED

San Jose LA NACION in Spanish 21 Feb 80 Sec A p 6

[Text] Yesterday, the Japanese company, Nippon-Hoei, and several subsidiaries of the Costa Rican Oil Refinery (RECOPE) signed an agreement involving \$600,000 for making feasibility studies directed toward the development of free export zones. The latter are port complexes used for the tax-free sale of products entering or leaving the country.

Engineer Jose Manuel Quirce Lacayo said that, by means of this plan, it will be possible (starting in 1981) to establish export industries in the port of Moín, on the Atlantic, and in that of Caldera, on the Pacific.

The plan is part of the government's program aimed at promoting exports and, as was explained, at increasing the demand for female labor.

Engineer Quirce said that only 20 percent of women are engaged in the national production process.

He added that the national industry is concentrated in the Central Valley, and that it has therefore become necessary to move it and create new sites for development.

Participating in the signing of the accord, which took place in RECOPE's main facilities, were the Messrs Jose Manuel Quirce, Jose Antonio Lara Eduarte, Orlando Heilbron, Gerardo Soto, Jorge Arce and H. Kouzumi.

The Free Export Zones Corporation, which is a subsidiary of CODESA [Development Corporation, Inc], will take part in the implementation of the program with funds from the Inter-American Development Bank.

2909

CSO: 3010

RECOPE FACING FINANCIAL DIFFICULTIES

San Jose LA NACION in Spanish 22 Feb 80 Sec A p 2

[Text] The Costa Rican Oil Refinery (RECOPE) is facing serious financial problems which are affecting its cash flow and its working capital in general to a considerable extent.

The president of the oil firm, Jose Antonio Lara E., admitted that it had large financial expenses, but consistently expressed optimism over the fact that the situation is "manageable."

It is thought that the Moín port plan is what has absorbed most of the refinery's funds; and it has even proven necessary to utilize current funds to prevent the construction from coming to a halt.

Individuals associated with the board of directors commented that, as a result of the Moín plan, the company has accumulated many liabilities. They acknowledge the fact that this project, despite its importance and the necessity for bringing it to completion, "has negatively distorted RECOPE's financial status."

Nevertheless, no one described the situation as alarming. Like Lara Eduarte, they believe that, with financial know-how, progress can be made.

Loan Pending

To some extent, RECOPE's financial problem has been exacerbated by the payment of high interest, because certain debts could not be paid off.

The period for paying the debt assumed with the Chase Manhattan Bank, amounting to \$12.5 million, expires in March. This period originally expired last January, but it was extended as a result of negotiations conducted by the refinery's former president, Manuel Naranjo C.

Lara Eduarte told LA NACION that negotiations are currently under way to agree on some feasible type of payment.

The greatest problem is that the Legislative Assembly has not approved a loan of \$50 million which the same Chase Manhattan granted it to refinance the Moin projects, to pay off transactions with the financing agency itself and to purchase capital goods.

The president of RECOPE said that this procedure is making slow progress in the Assembly. Meanwhile, the refinery has to cope with the payments for the Moin project to avoid a stoppage therein.

Problem Will Be Solved

The official gave assurance that the refinery would solve its serious financial problems. He remarked that the process of updating the company's accounts, which has had a 2-year lag, is being carried out, so as better understand the situation.

He also announced that, for the first time, an outside auditing will be started of all operations, so as to put them in order.

Some officials contrasted the solvent company image which RECOPE had until a short time ago with its present image. However, they explained that this was due to the excessive financial costs, and the Moin project in particular, which have drained large sums. They trust that the situation will become favorable within a reasonable amount of time.

2909

CSO: 3010

REPORT ON OIL EXPLORATIONS FROM MEIC SOURCES

San Jose LA REPUBLICA in Spanish 7 Mar 80 Supplement p 8

[Text] In the opinion of the experts, confirmed by the Ministry of Economy, Industry and Commerce [MEIC], the possibility of discovering oil in Costa Rica is increasing more each day.

An official spokesman for the MEIC told EL INDUSTRIAL [LA REPUBLICA Supplement] that explorations have been made in Bahia Coronado (Zone 6 on the map) by a specialized vessel from the University of Texas.

That ship had made routine explorations of the entire Pacific coast of Costa Rica, but it returned to the Bahia Coronado area, near the island of Cano, where strong gas fumes are emitted from the sea.

None of the data collected by the exploratory vessel have been turned over to the Costa Rican Government yet, but some isolated information is known, including the very important fact that the area, as a continental shelf, has been found to resemble the same one on the Peruvian coast, where oil is currently being obtained.

Other authorized sources told EL INDUSTRIAL that MEIC had appropriated 16 million from RECOPE [Costa Rican Oil Refinery] to prospect for oil on Costa Rican territory. The amount is one of the many surpluses offered by the refinery as a result of the high price ordered for fuels by the government.

(It has been published that RECOPE purchases gasoline at 2.15 colones per liter, and sells it at 5.90 colones per liter.)

The MEIC spokesman also told us that the government is interested in the passage of the Hydrocarbons Law which is under discussion in the Assembly, after having gone through a committee.

However, the same spokesman could not explain why the government legislative group was delaying the bill, and not considering the possibility of finally passing the law. Other sources had claimed that the government wants to discover oil before the law, which is ready, with its favorable opinions, is confirmed.

Another unofficial report also indicated that the government has no desire for the passage of the Mining Code, in spite of the unanimous opinion of the committee which analyzed it. The government's theory appears to be that there are too many radical left wing influences on the finished bill.

Eight Oil Zones

Engineers Sandoval and Taylor, of the MEIC's Office of Geology, Mines and Petroleum, have, for their part, stressed the fact that there is commercially exploitable oil in our territory.

The theory of the Costa Rican engineers was backed by Mexican and Venezuelan experts who arrived in the country to cooperate in the realistic planning of the search and discovery of the valuable hydrocarbon in our territory.

Engineer Taylor reported that there are eight potential zones in the country with obvious indications of possessing oil deposits. He located them as follows:

1. Southern Limon Basin, and the port area.
2. Northern section of the territory: Guatuso, San Carlos, Sarapiquí, Santa Clara, Tortuguero, etc.
3. Pacific continental shelf, at a depth of up to 200 meters.
4. Atlantic or Caribbean continental shelf, at a depth of up to 200 meters.
5. Northern, Middle and Southern Pacific, Valle del General and Coto Brus.
6. Osa Peninsula, Coronado Bay.
7. Guanacaste, the entire province as far as the Nicaraguan border.
8. Area of the inter-mountain or central valley.

The international interest in the oil which may be discovered in Costa Rica was aroused by the quality of the samples and the positive manifestations noted on the surface and in the subsoil.

2909

CSO: 3010

MINING COMPANY WITHDRAWS OPERATION BID

San Jose LA NACION in Spanish 5 Mar 80 Sec A p 2

[Text] A mining company which intended to invest \$1 billion in the development of copper deposits in the Talamanca Cordillera decided to leave the country, in view of the delay in the passage of a new Mining Code.

The official announcement was made 3 days ago to the minister of economy, Fernando Altmann Ortiz, by the administrator of Swiss Aluminum and Mining of Costa Rica (SAMCOSA), Jean Guillemard.

The sudden withdrawal of that firm, a subsidiary of three of the leading mining companies in the world, was ordered on 29 February, despite the fact that nearly 50 million colones had been invested during the past 8 years.

The SAMCOSA representatives stated that they had been demanding for 3 years a mining law which would give their investments a legal guarantee, and that their aspirations had not been fulfilled.

The company's decision will prevent Costa Rica from extracting (at least for several more years) between 40,000 and 150,000 tons of copper per year.

It will also prevent 3,500 Costa Ricans from obtaining employment on a project which would give an impetus to the industries in the town of Buenos Aires de Osa, where the mining firm was going to be established.

The bill to issue a new Mining Code was sent to the Legislative Assembly on 7 November 1977 by the then President Daniel Oduber Quiros.

However, it was not until 14 December 1979 that a decision in favor of the bill was approved by the Legislative Assembly's Economic Affairs Committee, after some regulations in the original text had been changed.

The decision was approved by a consensus of deputies from all the congressional factions.

Nevertheless, despite the fact that this decision had been accepted (2 months ago), and the bill was on the lengthy list of those to be examined at the special sessions of Congress, the deputies have not yet started to discuss it.

No More Waiting

Jean Guillemard, the administrator for SAMCOSA, said that he had received orders not to wait any longer for the approval of the new code.

He remarked: "No one knows when it will be approved, and we cannot continue investing more money without obtaining security for our investments."

Guillemard mentioned that the firm had 40 employees in the country, including geologists, field workers and administrative personnel.

He noted that some of them might be transferred to Africa, where the three mining companies which own SAMCOSA have other copper mines.

Those multinational firms are Alusuisse (Switzerland), Charter Corporation (Great Britain) and Mitsubishi Corporation (Japan).

SAMCOSA has a copper exploration concession that is in effect for 15 years. That concession must be renewed annually, in accordance with a contract signed with the Ministry of Economy, Industry and Commerce.

However, Guillemard confessed that a return would be "difficult," because the firm would have to begin its work in the country over again, and invest a sizable amount of money.

He also associated the return with the conditions that prevail on the international copper markets.

He said: "This is a safe country for our investments but, despite the fact that former President Oduber and the current president of Costa Rica, Rodrigo Carazo, have proven to be in favor of our plans, the attempt to approve the new Mining Code has been unsuccessful."

4 Years Wasted

Several months ago, Swiss Aluminum and Mining of Costa Rica concluded the exploratory phase on the site where the copper deposits were assumed to be located.

That company wants to start a new phase of boring in the Talamanca Cordillera, using diamonds, in order to ascertain the volumes and the depth at which the ore is situated.

However, that work can only begin in January of each year, owing to the weather conditions which prevail in the Cordillera.

Guillemard explained: "We have wasted 4 years waiting for a law which will legally bolster that work. Now we have lost the opportunity to begin work this year, and we cannot wait any longer."

The high-ranking official gave notice that SAMCOSA's departure from the country could not be interpreted as a means of pressure to force the deputies to approve the new Mining Code. He added that it was an economic measure that is being adopted after investing nearly 50 million colones without any security whatsoever.

In the view of the consortium which he represents, "it cannot continue to spend more money without obtaining any receipts."

For this reason, it will leave Costa Rica at the end of March; although some high-level employees are already in Africa.

Tragic Situation

The head of the Unity Party faction in the Legislative Assembly, Cristian Tattembach, described the situation that has occurred involving the Swiss Aluminum and Mining of Costa Rica company as tragic.

Tattembach declared that the news must weigh heavily on the consciences of all the deputies, because it is a "misfortune" for incidents such as this to occur at a time of economic crisis for the country.

He explained that the future approval of the Mining Code will depend on the position assumed by the progressives, "in a confused situation wherein the efforts of the deputies from various factions to correct a situation such as this will have to result."

He advocated the establishment of a movement of public opinion to pressure all the political parties for immediate action in approving the Mining Code.

The head of the Liberation faction in the Legislative Assembly, Hernan Azofeifa Viquez, for his part, stated that a careful study is under way in preparation for expressing an opinion regarding the new law.

He announced that, for this purpose, a committee of deputies was created to avoid voting "hastily," and "to determine what best suits the country."

Meanwhile, the majority of deputies voiced the opinion that it would be very difficult to approve the Mining Code during the current special sessions of the Legislative Assembly.

2909

CSO: 3010

FOREIGN CORRESPONDENT SEES 'CRACKS IN CUBAN REVOLUTION'

Bogota EL ESPECTADOR in Spanish 27 Feb 80 p 7-A

[Article by Albert Clack: "Castroism in a Sea of Problems"]

[Text] Havana, 26 Feb (LATIN-REUTER)--Anticipating problems when the Cuban economy is in trouble, President Fidel Castro is trying to eliminate political opposition, strengthen party discipline, encourage denunciation of corrupt or inefficient officials and round up individuals with criminal backgrounds.

The internal reorganization coincides with the nervousness prevailing in Havana which Castro views as caused by the external threat of the United States for Cuban support of Soviet intervention in Afghanistan, according to diplomats.

Fidel Castro disclosed the difficult situation that this communist island faces in a frank and revealing speech given at the close of the sessions of the national assembly on 27 december. The details were learned by this news agency.

The Cuban leader stated: "We are navigating through a sea of problems. We have been in it for some time and will remain in that sometimes rough, sometimes calm sea. The beach is far away."

Bad Crops

Cuba's problems will probably be worse this year due to serious losses caused by insects in the sugar cane and tobacco crops.

This will seriously affect Cuban revenue. As part of an effort to become more self-sufficient and efficient, Castro reorganized the government last month. It was the most sweeping change since the one shortly after the 1959 revolution.

The reorganization was announced in his speech. "There are comrades who have not been efficient in their work. Their possible revolutionary merits are no reason to not replace them."

"Of course, if we discover a corrupt official, we will make him resign," he added.

Reliefs

The reorganization removed more than half of the 34 Cuban ministers or presidents of institutions with ministerial rank, giving greater mobility to the government and giving a dozen of Castro's closest collaborators more direct control over the administration.

Also the provincial secretaries of the Communist Party in four of the 14 provinces in Cuba were replaced and the editor of the leading news magazine in the country, BOHEMIA, had to resign.

Valdes Returns

One of the first high-level changes was the appointment of Ramiro Valdes Menendez, a hardliner, as minister of interior. He had held that position from 1961 to 1968 when Fidel Castro's government faced numerous counterrevolutionary attacks.

Valdes immediately ordered "screws tightened" in internal security. This became visible at the end of December when the police began to check identity cards and the official press warned citizens that they had to carry these at all times.

Pamphlets

This occurred after the appearance of anti-Castro pamphlets and graffiti on Havana walls for the first time in years.

The police started to check the identity cards of bus passengers and passers-by and to stop cars at night.

These operations are not only designed to arrest those responsible for the pamphlets but also to catch common criminals and, in a country of shortages and rationing, black marketeers.

People without personal documents or in possession of scarce consumer goods without authorization are arrested.

Fidel Castro said in his speech: "We are going to catch all types of criminals, whether common criminals or counterrevolutionaries."

Castro revealed that 4,000 policemen and 1,100 police cars were involved in the initial operation at the end of December. Those arrested will stay in jail as long as necessary.

No Torture

There were no official statements about how many persons had been arrested since the reorganization began but some citizens believe that there have been thousands.

Fidel Castro added that new jails will be built if necessary, but he emphasized that only legal methods will be used. He said there will not be any torture or "death squads."

Parallel with the police action, volunteer night patrols were formed in the residential districts and "worker guards" at factories and other work sites.

The vigilance patrols consist of residents in the "committees for the defense of the revolution" founded in 1960 to defend against sabotage by anti-Castro groups.

The members of these committees were convoked at the beginning of January to form the patrols with two persons per zone or two per group. In addition to their usual defense against common criminals, they will end attempts to paint graffiti or hang posters.

The women are on duty from 2300 hours until 0200 hours and the men from 0200 until 0500 hours. They patrol their own neighborhoods.

The official Cuban newspaper JUVENTUD REBELDE said that the committees' patrols should be intransigent "against any attempt to harm, limit or hinder the development of national socioeconomic plans."

More Guards

The worker patrols have existed in some establishments since the 1959 revolution but they have increased now where they already existed and they have been created where there were none, according to the official Cuban press.

The patrols consist of personnel from the establishments who have guard duty by the month. They remain on duty for 3-hour shifts from 1800 hours on.

The objective is to protect state property against anticommunist sabotage or robberies.

"If the guards were increased, there must be a reason," said one worker guard to the correspondent from this news agency.

Neither the neighborhood committees' patrols nor the worker guards carry firearms.

Those Seeking Asylum

Tension increased after a number of attempts by Cubans to obtain asylum by using vehicles to enter the grounds of foreign embassies.

In December seven men used a truck to break into the gardens of the Venezuelan ambassador's residence in spite of police gunfire which killed one of them.

In January, one Cuban died and two more were wounded during a similar incident in Havana.

Also last month 12 persons used force to enter the grounds of the Peruvian ambassador's residence.

The incidents at the Venezuelan Embassy apparently hurt relations between Cuba and Venezuela.

Afghanistan

The intervention in Afghanistan by its ally, the Soviet Union, had much more serious consequences for Cuba's international position.

Cuba is now president of the movement of 95 nonaligned countries. Afghanistan is one of the members of this movement and the majority of them oppose the Soviet position.

As a result of this crisis, Cuba lost the support of several non-aligned countries in its attempt to win a seat in the UN Security Council. That seat was given to Mexico.

Last month President Castro sent a message to the UNIDO conference in New Delhi that he would not attend the meeting because Cuba was threatened by the tense international situation. This made it advisable for him to remain in the country.

Alerts

His brother Raul Castro, first vice president and minister of the Revolutionary Armed Forces, warned Cubans to stay alert since the present deterioration in relations between the United States and the Soviet Union could be dangerous to Cuba.

"Calmly and without alarming ourselves but being extremely careful, we have adopted appropriate measures. We must remain alert," Raul Castro said.

The "appropriate measures" adopted are not known but there have not been any indications of a military alert or mobilization of reservists.

Diplomats felt that Castro's government is not at all happy about the possible return of the Cold War.

7717
CSO: 3010

INTERNAL CONDITIONS REFLECTED IN SECURITY, ECONOMIC STEPS

Identity Card Checking

Havana GRANMA in Spanish 2 Feb 80 p 3

[Text] The Office of Identity Card and Population Registration informs all citizens residing in City of Havana Province that it will extend its hours due to the great number of people coming to its municipal units now. This will help the workers and the public in general to quickly carry out the necessary transactions there. Starting next Monday, 4 February, and during the entire month of February, the hours will be extended daily to 2200 hours in all the municipal units of the City of Havana Province Office of Identity Card and Population Registration.

Havana Railroad Station Fire

Havana JUVENTUD REBELDE in Spanish 3 Feb 80 p 2

[Text] A fire broke out shortly after 1430 hours yesterday at Havana Central Railroad Station. Three people were injured. The fire occurred in the Traffic Offices but several units of the DGPEI [General Directorate of Fire Fighting and Prevention] of MININT [Ministry of the Interior] came quickly and had extinguished it by 1515 hours. The causes of the fire are under investigation.

Hotel Nacional Fire

Havana GRANMA in Spanish 12 Feb 80 p 3

[Text] There was a fire at Hotel Nacional yesterday morning which was small thanks to the quick intervention of DGPEI units, hotel workers and guests, many of whom joined in the efforts to smother the flames.

The fire was in the left wing of the first floor of the building, in the Libertad Room. The flames could not spread to other rooms because of the quick and efficient action of the mentioned groups. Losses from the fire are being estimated now.

Television Repair Swindle

Havana JUVENTUD REBELDE in Spanish 6 Feb 80 p 2

[Text] (AIN)--The Provincial Radio and Television Repair Enterprise under the services department of the Havana People's Government reported that four mechanics from the Buenavista TV Shop were punished for swindling.

The Playa Court sentenced Jesus Julbe and Carlos Pozo to 3 months imprisonment for charging too much for repairing a set in a customer's residence.

Osbel Serrano Posada and Martin Gonzalez Galindo were fined 100 pesos each for the same crime.

The report added that these violations were detected by inspections made by that enterprise in the customers' homes.

CDR Revolutionary Vigilance

Havana JUVENTUD REBELDE in Spanish 7 Feb 80 p 2

[Text] The need to systematize the people's revolutionary guard that patrols the neighborhoods each night was the subject of the provincial CDR [Committees for the Defense of the Revolution] meeting in Havana, presided by Armando Acosta, member of the CC [Central Committee] of the party and CDR national coordinator.

The eminently revolutionary nature of this task was stressed; it protects the conquests of the people and their personal goods. Also the principle of remaining intransigent against any attempt to hurt, limit or hinder the development of national socioeconomic plans was reiterated.

During the meeting attended by Jesus Afa, member of the Provincial Committee of the party, and members of the National Executive Secretariat of the CDR, there was a general analysis of the CDR work dedicated to the Second Party Congress and to the organization's 20th anniversary.

This year the Havana CDR has planned an extensive list of tasks aimed at mobilizing the masses for the defense and construction of socialism and increasing and strengthening the political and ideological level of the people within the principles of Marxism-Leninism and proletarian internationalism.

Another main objective for this year is to strengthen and increase active incorporation of the CDR masses in community activities and support to the plans of the socialist state and the organs of people's government.

Workplace Revolutionary Vigilance

Havana JUVENTUD REBELDE in Spanish 10 Feb 80 p 1

[Text] (AIN)--An assembly process is being carried out in order to strengthen or form a worker guard in all labor establishments in the country. This process will last until 15 February and is the union movement's response to the recent party directives about becoming stricter.

According to the established methodology for these meetings, the worker guard is formed in each center by express and voluntary decision of its workers in fulfillment of the revolutionary duty and right to protect social property as stated in the Constitution of the Republic.

This vigilance began with the revolutionary victory, first through the National Revolutionary Militia and later through Law 1321 on physical protection and hygiene at work centers promulgated in 1976.

The report given by Martha Eugenia Lopez, head of that section for the CTC [Central Organization of Cuban Trade Unions], pointed out that this task also helps carry out the 14th Labor Congress resolution.

Prior to this assembly process, there were provincial and/or municipal union seminars so that the leadership cadres would learn the details of its application.

The final result of the process will be announced on 18 February at a meeting of the CTC provincial committees and the national unions.

Law, Order Penalties Announced

Havana GRANMA in Spanish 7 Feb 80 p 3

[Text] In accord with decree-Law No. 27 on administrative infractions and the fines set for violators of that law, anyone who mildly disturbs the peace at outdoor events will have to pay a fine of 15 pesos. The fine is 30 pesos if done at international events and 25 pesos if there are children present.

Also anyone who causes scandal or disturbs the peace at clubs will be fined 30 pesos during the summer season and 15 pesos at other

times. The fine is 25 pesos if it is at a dance or family party and 10 pesos for those who try to enter or remain at such events without the right to do so or without proper authorization.

Those who conspire to disturb the peace at family parties, celebrations at work centers and organizations, public festivities (dances, etc.) as well as large meetings will be fined 30, 20, 25 and 15 pesos.

Those who do not behave correctly and disturb the peace in land, maritime or air transportation will be fined 25, 30 and 40 pesos respectively. Those who act that way in food and industrial products establishments or in public offices and other public places will be fined 10 or 15 pesos.

Anyone who gives a party in his residence outside permitted hours without authorization will be fined 15 pesos. Anyone who holds public events without a license will be fined 25 pesos and those who go out in costume without permission will be fined 10 pesos.

There is a fine of 10 to 25 pesos for anyone who works in his own home without a license. Trash or work supplies like sand, cement, bricks, boards, etc. cannot be kept in corridors, on sidewalks or in other public areas; this is punishable with a fine of 20 pesos and restitution for damages incurred.

It is a violation punishable with a fine of up to 40 pesos to hunt or fish on others' property without proper authorization, to go on others' land to pick and eat fruit or to cross fields without proper precautions to prevent damage. The owner or person in charge of livestock of any type that, through neglect or carelessness, causes damage to others' property will receive the same punishment.

Negative Attitudes in Schools

Havana JUVENTUD REBELDE in Spanish 7 Feb 80 p 2

[Text] Demand means strict observance of fulfillment of duty and great care in carrying out the educational policy, according to Jose R. Fernandez, member of the CC of the party, vice president of the Council of Ministers and minister of education. He said this when he closed the fourth national seminar for MINED [Ministry of Education] leadership personnel at Manzanillo last night.

Margot Honecker, member of the CC of the Unified Socialist Party and minister of public education in the GDR, also spoke. In the name of the delegation accompanying her on this visit to Cuba, she expressed their pleasure in participating in the seminar and their admiration

for the work that the party and the people of Cuba are doing in education.

The distinguished visitor was pleased with our students and their young teachers. Her people know that the road to knowledge is not easy but educational work is the most important work since it affects human formation and, therefore, the development of the new society.

They visited the cradle of the revolution, Santiago de Cuba, and historic places like Granjita Siboney, the old Moncada barracks and La Demajagua as well as new buildings, sugar mills and other production sites. She talked about the deep affection the Cuban people have for the people of the GDR and the certainty that the parties and governments of both countries will follow the road to cooperation in all fields.

At the end of her speech, the minister of public education of the GDR gave the Cuban minister of education a tapestry with Karl Marx' picture on it as an expression of the friendship and solidarity between the two peoples.

Minister's Words

At the closing of the fourth seminar, the minister said it had been very positive in influencing the cadres in charge of forming new generations, especially the middle level of MINED leadership--that is, directors, methodologists and inspectors--thus improving the quality of education.

He repeated that the director is the top representative of the state at the educational center and, therefore, the first inspector of the work done there and the most responsible for what happens. In order to properly support his work, the primary task of the organization is and will be methodological and instructional work.

Concerning demand in the educational field, he also explained that each school had to watch carefully that the teaching activities were carried out, texts cared for and the work-study principle applied well.

He emphasized the importance of systematizing sports and cultural activities which is the mission of the teachers and students groups, the political and mass organizations of the center, the school council and the community.

As to the present role of school councils, he explained that, at the beginning of the school year, a work plan is drawn up at each school

to involve the family and the community with school problems "since educational work includes supervising the conduct of each student," he said.

Fernandez added: "The school should increase demand until every negative attitude is corrected." It is necessary to increase supervision and demand and eliminate all antisocial activity at the educational centers.

He noted that the ties between the school and the parents must be strengthened to achieve this. They must support each other and, of course, eliminate problems like poor environmental or personal hygiene of students in some schools, loss of school or personal objects, destruction and neglect of installations, texts and study materials in general.

Incorrect application of the evaluation system, especially in the first cycle of primary school, teachers' absence at methodological training, poor attendance at productive work, lack of fulfillment of quotas and schedules, difficulties in the use of shops and physics, chemistry and biology laboratories, lack of discipline and poor participation by students and teachers in school life must also be eliminated.

Finally the minister stated: "We want our educational leaders to increase their roles in the formation of the men of tomorrow." He repeated his confidence that they will be able to do it as demonstrated by our internationalist teachers in Angola and Nicaragua.

Economic Criminals Processed

Havana JUVENTUD REBELDE in Spanish 8 Feb 80 p 1

[Text] In a continuation of the Ministry of Domestic Trade's inspection program in coordination with the sectorial offices of people's government and economic crime police, 84 violators in this sector were placed under the jurisdiction of the courts in January. They included five leaders of enterprises and several administrators of establishments in City of Havana, Santiago de Cuba and Guantanamo provinces. The main violations committed were deflection of food products from retail units, failure to collect coupons from industrial products ration books, outside sales, nonfulfillment of their duties as administrators, favoritism, price violations, cheating consumers, abuse of their positions and violation of technical norms.

Misdemeanors Punished

Havana JUVENTUD REBELDE in Spanish 8 Feb 80 p 1

[Text] If you are used to "taking shortcuts" across the grass in the parks, you should know that you are violating Article 19, Clause 2, of Decree-Law No. 27 of 27 October 1979 on city hygiene and decoration and can be fined 10 to 50 pesos, depending on the seriousness of the infraction.

That was the misdemeanor committed by the citizen in the photograph [photo not reproduced]. He walked through the garden of the Academy of Sciences and hurt the plants.

Hygiene inspectors and the PNR [National Revolutionary Police] watch for compliance with this decree-law. They are authorized to give tickets for these violations, noting personal and labor information of the violator or his parents if he is a student or minor.

Procedure

Inspector Virginia Hernandez caught one citizen walking on the grass at the Capitolio. He alleged that he used that "path" every day and that there is no garden there, only dirt.

The official explained to him that that is no reason to walk through a place prohibited by law; there are signs posted there. Therefore, she fined him based on that decree-law.

At the inspector's request, the citizen gave her his identity card. She filled in the ticket and told him he would receive the citation at his residence.

Since he disagreed, she informed him that he could appeal at the offices on Prado 257 when he received the citation.

This situation can be avoided if we comply with the laws that rule our society and we demand compliance from those who try to violate them.

Identity Card Checking

Havana JUVENTUD REBELDE in Spanish 8 Feb 80 p 1

[Excerpt] All the Identity Card and Population Registration offices in Havana will stay open at night during the month of February to speed up transactions for the large crowd going there.

Recently JUVENTUD REBELDE toured some areas of Havana and could verify that a large number of people go to these offices during the normal hours while few go at night. The public is asked to use the night schedule also.

As has been repeated on numerous occasions, all citizens 16 years of age and older must carry an identity card and present it to the appropriate authorities any time they ask.

If citizens do not have the document or it is in bad condition (missing pages, detached photographs or anything else that affects its legibility), they will be taken to the PNR units and will have to remain there until their identity is verified and a fine is paid.

7717

CSO: 3010

BANK HEAD ON BALANCE OF PAYMENTS, DEFICIT, TRADE BALANCE

Santo Domingo LISTIN DIARIO in Spanish 8 Feb 80 pp 1, 13

[Article by Jose Romero: "Closing Balance Similar to 1978"]

[Text] The governor of the Central Bank reported yesterday that the 1979 closing deficit in the balance of payments account was very similar to that of the earlier year.

Eduardo Fernandez noted that the negative balance in international transactions was covered by short-term capital inflows.

The official indicated that the deficit was more or less similar to that of 1978 and promised specific information the following week at a press conference that he was to hold for that purpose.

Fernandez denied that the country had just effected withdrawals from the IMF [International Monetary Fund] in excess of its capability and brushed aside the danger of devaluation.

He noted that the Central Bank had expressed its views on this score, that there was nothing new, and that all the figures were published in the Bank's bulletin.

Regarding receipts from gold exports, the Central Bank's governor reported that in 1979 they represented about 130 million dollars from the export of some 330,000 ounces of gold.

The official saw as evidence of support for the Central Bank's policy of foreign loans the declarations made recently by Reuben Sternfeld, executive vice president of the Inter-American Development Bank [IDB].

Sternfeld had said that the Dominican Republic continues to have the capability of securing loans and that he was confident that the economic authorities would be able to generate projects on the basis of their own resources.

Governor Fernandez noted that to the extent that an official is involved in these measures he has to accept advice as well as evidence of sympathy and support.

He commented that individuals of the stature of Reuben Sternfeld are of such caliber, however, that they do not need anyone telling them or even hinting at a declaration of support in the face of a problem.

And Fernandez noted that this point has not been touched in talks with said official in the country.

Official breakdowns regarding the results of the balance of payments for last year indicate a negative balance in current account transactions of 310.5 million dollars, lower than that of 1978 when the deficit had reached 374.3 million dollars.

Breakdowns appearing in the triennial public investment plan approved on Friday by the Development Council headed by President Antonio Guzman indicate that the negative balance is made up of a deficit of 125.5 million dollars in the balance of trade [sic--read, trade] and of 263.3 million in services.

Goods and services thus make up a deficit of 388.8 million dollars which are offset by 78.3 million dollars received by way of net unilateral transfers (gifts).

2662

CSO: 3010

DOMINICAN REPUBLIC

MAJLUTA ADDRESSES INSURANCE GROUP ON FOREIGN INVESTMENT

Santo Domingo LISTIN DIARIO in Spanish 4 Feb 80 p 13-A

[Article by Arsenio Ramirez: "The Country's Position for Foreign Investment Assayed"]

[Excerpts] The vice president of the Dominican Republic, Jacobo Majluta, asserted that one of the factors that contribute most to foreign investment in the Dominican Republic is the presently prevailing climate of peace and freedom.

Vice President Majluta spoke at the opening of the second annual meeting of the board of directors of the American Life Insurance Company [ALICO] held at the Santo Domingo Hotel in this city.

He noted that the government headed by Antonio Guzman guarantees foreign investment given that the latter are important and profitable when effected, producing benefits for the investor and the country where they are made.

The vice president and director of CORDE [Dominican Corporation of State Enterprises] said that the announcement made by the chairman of the board of directors of ALICO, George A. Abouzeid, to the effect that that company will erect a building here to house its regional offices is good news for the country.

"The announcement made by Abouzeid on the opening in this country of ALICO's regional offices is good news for us considering that it shows that foreign investors have confidence to make their investments in the Dominican Republic," he noted.

The Dominican Vice President on his part indicated that sound investment such as that of ALICO "can help very noticeably this part of the island, offsetting the damage caused by the phenomenons that scourged us."

He said that "the world is faced with situations involving political crimes, and I believe that democracy is the best system known where the individual has the freedom to dissent."

Ideal Position

On his part the chairman of ALICO's board of directors opined that the Dominican Republic is in an ideal position to play a highly constructive role in the field of foreign investment.

George A. Abouzeid explained that many countries initially stimulated foreign investment but that they subsequently changed their policies withdrawing the support they had offered. He indicated that the initial gains resulting from such actions were followed by long-term losses for the countries involved.

The opening of the annual meeting of the board of directors of the American Life Insurance Company was attended by the Dominican vice president, Jacobo Majluta, as well as other Dominican and foreign personalities.

Elsewhere in his speech George Abouzeid announced that an agreement had been reached to purchase a good-sized plot of land on which ALICO will erect a modern building that will house its regional offices.

The senior executive on ALICO's board of directors noted that "we plan to show our confidence in this country and revamp our operations, assigning to our branch here regional responsibility to supervise the activities of this company in the southern hemisphere."

Abouzeid indicated that the Dominican Republic has made the fundamental decision to follow a democratic path while other governments try to force changes through different, less productive, methods.

He noted that the fact that the Dominican Republic was represented as a symbol of stability in the midst of the turbulence in this region of the world is undoubtedly a tribute to the country's leaders.

He said that despite the major difficulties which the country had faced, especially with the passage of Hurricanes David and Frederick, "you have maintained your commitment to follow democratic principles and to steer your country along the path of reason, hospitality, and the joint structuring of a society with those neighbors who share your ideas."

He added that "these enlightened governments gratefully open their doors to foreign investments which genuinely contribute to the development of local economies." He recognized that the success of this foreign investment activity calls for a long-term commitment on both sides.

George Abouzeid held that the foreign investor will have to respect the aspirations, goals and national cultural characteristics of the host country. Similarly, that country will have to protect and maintain the spirit of association which initially stimulated the foreign investor to establish operations there.

FORTY SETTLEMENTS TO BENEFIT FROM INTER-INSTITUTIONAL PACT

Santo Domingo LISTIN DIARIO in Spanish 4 Feb 80 p 10

[Text] An interinstitutional agreement involving 40.5 million Dominican pesos was signed on Friday among four state organs for the purpose of providing basic services to 40 settlements established in various locations in the country.

The agreement was signed by engineers Francisco T. Rodriguez, director general of the IAD [Dominican Agrarian Institute], Leandro Guzman of INDRHI [National Institute of Water Resources], Frida Aybar de Sanabia of INVI [National Housing Institute] and Francisco Calventi of INAPA [National Institute of Waterworks and Sewage].

According to the terms of the agreement INVI is committed to build more than 3,500 homes for beneficiaries of the agrarian reform, 38 administrative offices, 99 homes for technicians, 37 warehouses, 15 schools, 5 medical dispensaries, 8 commercial outlets, 4 garage-workshops and 8 recreation parks.

These buildings, on which construction will start in the next few days and which will have to be finished within a maximum period of 4 years, do not include projects programmed for this year with public funds and which will involve 10 other settlements according to the report of engineer Aybar de Sanabia.

On its part INDRHI will build and recondition irrigation canals to serve more than 16,600 hectares as well as drainage canals that will make possible effective use of another 22,200 hectares. Among these plans the largest investment will be made in the Yaque del Sur-Azua (YSURA) project developed in the heart of Azua Province where some 7.6 million Dominican pesos will be spent.

Fernandez Calventi said that INAPA, on its part, will build an aqueduct system in each of the privileged settlements and that it will invest over 3.5 million Dominican pesos in the installation of more than 4,000 pipe hookups.

The funds to be invested represent a loan of 31 million dollars granted by the Inter-American Development Bank [IDB], another 12 million dollars made available by FIDA [International Agricultural Development Fund], and a national counterpart fund of 21.5 million pesos.

According to the director of the Dominican Agrarian Institute, other operational agreements will soon be signed with other state organs in order to make basic services available to the agricultural settlements. Among other services he mentioned electric power, access roads, public health and education.

He indicated that through projects and services "production and productivity will increase on some 435,000 plots of land slated for the cultivation of plantains, tomatoes, cotton, maize, peanuts, sorghum, onions, beans, papaya, cassava, gourds, pigeon pea and milkwood."

He added that the principal goals of the project, called Consolidation of the Agrarian Reform, are the incorporation into the country's agricultural and livestock raising production of new areas and the establishment of new sources of employment in the rural sector as a consequence of activities to be developed."

He likewise added that equitable redistribution and raising the level of the population's income are contemplated as is the organization of specific marketing channels with the participation of producers, the establishment of agroindustries in the rural sector, and the saving of foreign exchange owing to the substitution of imports of some products resulting from the project.

2662

CSO: 3010

DOMINICAN REPUBLIC

WORKERS, PRODUCERS REACT TO SUGAR INDUSTRY PROBLEMS

Solidarity March, Student Demonstration

Santo Domingo LISTIN DIARIO in Spanish 4 Feb 80 p 8

[Text] The organizations affiliated with the CGT [General Workers Federation] decided, after 4 hours of deliberations at a meeting held on Saturday at the offices of the CGT, to stage a solidarity march next Saturday for the reinstatement of more than 1,000 workers dismissed from the CEA [State Sugar Council].

They also decided that during that week they would hold student demonstrations at the Autonomous University of Santo Domingo in support of the struggles being waged by the sugar workers.

The organizations affiliated with the CGT, the Dominican Association of Professors, the Federation of Dominican Students [FED], the sugar committee of the CGT, the National Federation of Secondary School Students [FENES], the National Foodstuff Federation of the CGT, and others took part at the meeting.

The leaders of those organizations, including the secretary general of the CGT, Francisco Antonio Santos, explained that they would put pressure on the executives of the CEA so that they might accede to the workers' demands.

The FED and FENES, it was decided at the meeting which got under way at 0900 hours on Saturday morning, would be charged with mobilization on the campus of the Autonomous University of Santo Domingo.

They indicated that through these measures the CEA executives would be obliged to give ground. "If they do not do so we shall continue to struggle until we reach our goals."

The representatives of the organizations which make up the CGT announced a plan of action that they would carry out in support of the sugar workers.

Workers Occupy Church

Santo Domingo LISTIN DIARIO in Spanish 9 Feb 80 p 10

[Text] Policemen surrounded the church of San Pedro Apostol at San Pedro de Macoris. The church was practically occupied by some 100 workers.

The workers, for the most part dismissed from the Porvenir, Santa Fe, and Quisqueya sugar mills, entered the church early yesterday morning in search of the Catholic priest.

The workers sought the support of the religious of the church in the struggle which they initiated to press their demands.

The workers seek the reinstatement of all those dismissed at the state sugar mills of the region, the issuing of a 30-day wage voucher, trade union freedom, and the signature of collective agreements covering working conditions.

Trade unionist Francisco Antonio Santos, leader of the CGT, denounced the political authority to the church.

Santos did not wish to comment on the action immediately but stated that "this is how the government is responding to the demands of the workers."

The CGT is opposed to the agreement signed by most of the sugar trade union organizations with the CEA [State Sugar Council] which stipulates that the organ would provide a loan equivalent to 15 days' wages as a bonus to all its workers.

Sugar Farmers President Interviewed

Santo Domingo LISTIN DIARIO in Spanish 4 Feb 80 p 8

[Report on Interview with Dr Nicolas Casasnovas, President of the Dominican Federation of Sugar Farmers, on the "National Pulse" program produced by newsman Osvaldo Soriano; date and city not given]

[Excerpt] The president of the Dominican Federation of Sugar Farmers recommended that the sale of sugar abroad be made in small lots in view of the price behavior of the sugar whose tendency has been to rise.

Dr Nicolas Casasnovas made an exception for those cases where said sales are effected between governments, as happens with Venezuela.

He agreed that both the State Sugar Council and the country must be prudent and careful in this sense because of the rising trends in sugar prices on the international market.

He rejected the idea of sales in huge amounts such as 100,000 tons and up unless they are made from one government to another.

Dr Casasnovas also came out against the policy of storing sugar and said that instead of this what should be done is to sell sugar in small quantities.

The opinions of Nicolas Casasnovas were expressed on the "National Pulse" program produced by newsmen Osvaldo Soriano on Saturdays by the Musical Wave.

The head of the sugar farmers, who is taking part in talks with the Venezuelan Government for the signing of an agreement to sell sugar to that country, feels that the latter will be beneficial to our country.

He explained that the Dominican plan consists in selling at the price prevailing on the international market with the addition of a 50-point premium.

The amount of the commodity contemplated in the agreement is 200,000 tons of raw sugar, allowing for an increase in case Venezuela should ask for it.

Dr Casasnovas also referred to the problem of Haitian canecutters, which he characterized as complicated especially in this sugar harvest.

He said that the sugarcane plantations of the CEA have seen their yields reduced considerably because of the effects of mildew and the negligence of the farmers themselves who have lost their incentive on account of the low prices in the marketing of sugar, even lower than their costs of production.

"This low yield of the sugarcane means that a canecutter who earlier used to cut 4 tons in one day today can cut a maximum of only 2 tons," he noted.

Casasnovas explained that for that reason many canecutters migrate to the La Romana sugar mill and to the mills owned by the Vicini enterprise.

In the opinion of Dr Casasnovas the CEA has to increase its number of canecutters to be able to fulfill its grinding quota and avoid a shortfall in this respect.

He added that now that prices have improved it is important that the state's sugar mills should grind all the cane available to them to take advantage of the situation.

He said that the problem of the canecutters as well as the lag at the start of the sugar harvest and the difficulties with transportation equipment and other equipment could cause the shortfall in the estimates of crushed sugar for the sugar mills of the CEA.

However, Dr Casasnovas projected that 700,000 tons of cut sugar would be produced by the CEA in the present sugar harvest. To meet domestic and international commitments with this amount can be achieved only with difficulty.

"At any rate, we cannot take advantage as is desirable of the liberalization of quotas decreed by the International Sugar Agreement," he added.

Price Hike Expected

Santo Domingo LISTIN DIARIO in Spanish 6 Feb 80 pp 1, 9

[Article by Jose Romero]

[Text] The executive director of the State Sugar Council reported yesterday that the enterprise has briefly withdrawn from the sale markets, hoping for a response in the form of higher prices.

Gaetan Bucher indicated that prospects are good so that there is no reason to suppose that a sharp drop in prices will occur but that these will level off around 24 Dominican centavos per pound.

He noted that there is certainly some element of speculation in the present rise for reasons external to production, but he said that one must also take into account confirmed reports of problems in various areas, an example of which is the rumor that the Soviet Union has made purchases or is considering to make sizable purchases.

He confirmed that the mildew blight has affected cane significantly, especially that of the farmers, but he indicated that the CEA is promoting a very ambitious renovation program even though major damage could be felt in the next harvest.

He also announced investments in the order of 2 million Dominican pesos to increase, within a year, sugar production for local consumption by 30,000 tons of refined sugar which is an intermediate grade between very fine sugar and brown sugar proper.

He also mentioned that the CEA favors initiating the prequalification process of some firms for investments in improvements to be met from the financing of 70 million Dominican pesos [sic--probably dollars] negotiated a short while ago and to which the World Bank will contribute \$25 million.

Bucher said that the position of the director of the Sugar Institute [INAZUCAR], Federico Echenique, is very clear as regards the connection between production deficits on one hand and market speculation on the other. Bucher also noted that there are still many unknown factors that must be clarified.

He estimated as significant yesterday's editorial in LISTIN DIARIO in which it is asked where, in all this conjecture, are the 30-million-ton sugar reserves in the world.

The director of the CEA said that the greatest unknown element is undoubtedly the USSR and that it has not been possible to determine exactly what quantity of sugar it has bought or is buying now.

Gaetan Bucher indicated that the other aspect which the director of INAZUCAR also analyzes very well is whether in fact there exists a world reserve. In this sense he pointed to the fact that LISTIN DIARIO's question is very well taken, that is, where are the 30 million tons of sugar?

Bucher said that undoubtedly the majority of the countries which signed the International Sugar Agreement, if they have experienced production difficulties this past year, have tried to conceal the facts so as not to lose their share.

He also indicated that the major question thus revolves around the existing situation.

He considered it beyond doubt that at such a juncture speculators would also enter the game. But he added that at this point the facts are not yet clearly known.

Bucher noted that when the March sugar positions are liquidated it will be possible to form an idea because there are many pending contracts. When this happens it will finally be known what the Soviet Union has done and what the real situation is.

Regarding the sales made by the CEA Bucher said that these have been good but that they could have been even larger.

He reported that the CEA is now holding up its sales because the market could move in any direction even though he does not believe that it will fall or collapse since he understands that there will support at least at around 22 centavos a pound.

But he added that the real situation relating to inventories is still to be determined.

He considered that it is worth while waiting longer to resume sales.

As regards the announcement of Coca Cola to use some 50 percent of corn syrup for its soft drinks, Bucher noted that according to his reports this measure would go into effect next year.

He also said that a very high sugar price would unfortunately be an incentive for the use of sweeteners and for the reduction of sugar consumption, which would also be detrimental.

He added that the CEA has not made additional sales after the close of January since it is waiting to see the behavior of the market where a rally is expected at the level of 22 Dominican centavos a pound.

Bucher affirmed that there is no reason to believe that a collapse of sugar prices will occur in the market but that rather there are good possibilities that the price of sugar will climb a little more.

Regarding the mildew blight which has affected the sugarcane, the executive director of the CEA noted that this plague has been felt for about 2 years now and that, even though no remedy is available in the sense that the

afflicted sugar variety has to be replaced, he indicated that the enterprise has been facing the problem since the previous year.

In this specific case the mildew has affected primarily sugarcane variety B-4362 imported from Barbados in 1962.

Bucher reported that the CEA has plans to apply, beginning this year, a very ambitious program to substitute said cane variety by means of a cane renovation program involving some 150,000 lots of land.

He explained that the plan is very ambitious considering that the only way to get rid of the mildew is to change the sugarcane variety.

He recognized that this blight has affected the possibilities of increasing productivity but he said that this year's cane estimates are based on facts taking the mildew into account. Still, the damage will be felt principally in next year's cane crop for which reason next year's production will depend on the present renovation.

Bucher indicated that the important thing is that the authorities of the CEA, even when the major damage by the mildew has hit privately-owned sugarcane, are aware of the problem and are striving to check it.

Good Variety

Bucher said that the B-4362 variety is very good and of very high yield but that it has deteriorated because of the mildew blight.

He indicated that the situation of falling world sugar prices did not provide the private farmers with the necessary incentive to finance a renovation program. But with existing prices Bucher presumes that these farmers will have an interest in rehabilitating their sugarcane plantations.

Bucher added that the enterprise authorizes advances to them (for reconditioning) by way of assistance but he observed that the country's major problem is the old equipment that it has had to buy so that the enterprise itself may have to effect the renovation.

As for local production and consumption of very fine sugar, the director of the CEA reported that the enterprise will produce refined sugar at the Ozama sugar mill by means of an investment already approved by its executive board and whose planning and execution are under way at a facility that produces 30,000 tons.

The official believes that that production could in the short term relieve the situation whenever incentives are given to the public.

He indicated that this matter will have to be discussed by the sugar authorities together with those of the Price Control Office.

Bucher said that there is no possibility to increase the production of the very fine sugar of the Porvenir sugar mill and that the only other thing that can be done is to produce during the dead season, but at a very high cost.

He reported that the Sugar Institute is studying the problem of very fine sugar now, including the possibility of the producers' building a refinery.

He regretted that there is such preference in the Dominican Republic for the consumption of very fine sugar instead of brown sugar in contrast to other countries, and he said that this seems to be a social indicator.

He recalled that on one occasion the CEA tried refined sugar and that some industrialists tested and proved that they could use it, but not all. Bucher thinks that this is the only solution in the long run.

He believes that the establishment of a significant differential between the prices of very fine and refined sugar as an incentive to consumption would help a lot.

He indicated that in March-April 1981 the installation approved at the Ozama sugar mill will be ready at a cost of \$2 million.

As for external credits negotiated a short while ago by the enterprise, the CEA's executive director reported that they total \$140 million of which \$70 million will be to replace the working capital that has by now been practically exhausted in dead season investments.

The other \$70 million will be earmarked to modernization projects.

Bucher noted that this completes the external financing aspect needed by the enterprise.

He specified that the \$[sic] 70-million investment program is made up of the \$25 million provided by the World Bank, \$20 million by commercial banks, and \$10 million as the Dominican Government's share.

He reported that he is initiating the prequalification of some firms on the basis of a procedure established by the World Bank and said that an effort will be made to hasten same in the best form possible.

He noted that with these investments and especially with the improvement of sugar prices the enterprise is on a sounder financial footing considering it had shown a deficit because of the very high outflow of funds to the point that the \$70 million obtained for working capital in effect are already nearly all spent. And what has been done now is to replace the financing secured in the short term.

Bucher commented smiling that the rises in sugar prices have come at a good time because the situation had become intolerable.

BRIEFS

COMMERCIAL BANK OPENS--The president of the Dominican Bank of Commerce announced that that institution will begin operations on 28 February 1980 with a capital of 2.4 million Dominican pesos. Jose Ureda reported that the Bank has more than 1,000 stockholders including businessmen, industrialists, professionals, workers and landowners. He explained that the number of individuals who have expressed an interest in holding an interest in that institution is growing constantly. Jose Ureda said that neither the shareholders nor their wives, siblings or close relatives will have the right to secure loans from the Dominican Bank of Commerce. He said that the purpose of this measure was to insure the success of said credit institution and avoid its closing. Similarly, he noted that the Bank has established commercial relations with similar institutions in the United States with which it will do business. "We consider these connections which we have made with American banks to be beneficial for the country," he concluded. [Text] [Santo Domingo LISTIN DIARIO in Spanish 12 Feb 80 p 3] 2662

NINE POWER PLANT PROJECTS--INDRHI [National Institute of Water Resources] concluded its design last week for nine ambitious hydroelectric development projects in four southern provinces and one northeastern province that would have installed capacity of 21,050 kw. The director of INDRHI, engineer Leandro Guzman, said that the startup of these and other projects whose design, feasibility and location are under study is an "A-1" priority for the government to check the effects of the oil price hike. Details of the completed plans are as follows: Toros I and Toros II in Azua, with 7,950 and 4,100 kw, respectively, in Azua Province; Los Rios-Clavellina Canal, with 300 kw, in Batoruco; Guayabal River, with 3,000 kw, in Independencia Province; Santana Canal, with 950 kw, in Barahona Province, as is Nizaito, with 2,500 kw; and Boba Canal in Maria Trinidad Sanchez Province. [Santiago Estrella Veloz] [Excerpt] [Santo Domingo LISTIN DIARIO in Spanish 4 Feb 80 p 1] 2662

CSO: 3010

EL SALVADOR

JUSTICE MINISTER TEXT ON REASONS FOR DECREE 114

San Salvador LA PRENSA GRAFICA in Spanish 28 Feb 80 pp 25-28

["Text" of radio and television address by Justice Minister Dr Mario Antonio Solano on 20 and 25 February 1980]

[Text] To the Salvadoran people:

Through me the government of the republic wishes to explain the reasons for and the content of Decree 114, which reinstituted the Political Constitution of 1962. This decree also sets forth a work program that befits a revolutionary government and establishes the basic and strategical points for a process of changes that will make our democratic system effective and accomplish the state's goals. This program comprises the following basic points: the nationalization of foreign trade; agrarian reform; the nationalization of banking; the reorientation of the national economy through the establishment of special systems, and the creation of professional associations.

In a country in which two sectors are battling each other, one that defends the liberal capitalist system and another that is spurring the advent of a new revolutionary society, a responsible government must offer its own alternative, which will guide this country towards an ordered process of changes through peaceful means.

This statement, with its profound humanist sentiments, should be enough for these opposing movements to support the government's alternative and thus to contribute to an end to bloodshed and violence, as well as to reduce the toll of human lives that the entire republic is currently suffering.

II. The 1962 Constitution

As of 15 October 1979 the republic was being ruled by an oppressive government that emerged from fraudulent elections and that was propped up by a system of persecution and continuous violations of human rights. Such a situation could not have been allowed to continue

any longer, because otherwise we would have lapsed into a chaos of incalculable consequences. The Armed Forces of El Salvador can thus summarize all of these problems and explain them as follows:

The former government: 1) violated the human rights of society; 2) encouraged and tolerated corruption in public administration and justice; 3) brought on true economic and social disaster; and 4) seriously tarnished the prestige of the country and the noble institution of the Armed Forces.

This is set forth in a document entitled "Proclamation of the Armed Forces of the Republic of El Salvador."

Convinced of these problems, the Armed Forces, whose members have always identified with the people, decided to overthrow the government of Gen Carlos Humberto Romero and to quickly set up a revolutionary government junta. This decision was based on a people's right to revolt when rulers fail to observe the law.

We are thus acknowledging:

- 1) That there was a breach of the formal constitution order on 15 October 1979;
- 2) That the Armed Forces of the Republic constitute the real ground-work of power; so much so that they removed one government and set up another;
- 3) That they issued a proclamation representing a historical commitment and containing a work program and an attempt to change our country's economic and social structures.

When the Armed Forces overthrew the government of General Romero, this involved the entire government of which General Romero was president, not just the executive branch. Pursuant to a decision of the Armed Forces (see proclamation), a Government Junta was set up to exercise state power, and it issued its Decree No 1, which removed all of the officials of that presidential government. The real support (Armed Forces decision) and the formal grounds (Decree No 1) for overthrowing the government were proper, because the constitutional order was breached and the right of peoples to rebel, not the right of rebellion contained in Article 7 of the Political Constitution, was invoked.

This is a point that the jurists who oppose the current government should not lose sight of, and I therefore ask them to carefully read Decree No 1 of the Revolutionary Government Junta. It does not refer

to the right of rebellion set forth in the Political Constitution. The Armed Forces Proclamation is the document in which the overthrow of General Romero's government is justified, based on the right of peoples to rebel. Thus, all of the empty words in Decree No 7, which offers an authentic interpretation of Decree No 1, were and are completely unnecessary. A revolutionary government creates its own right, as long as it is capable of imposing ethics on itself, politically and militarily speaking; the juridical elements come later.

Nevertheless, even though the Revolutionary Government Junta changed the organizational structure of the government in Decree No 1, making use of a specific power that is vested directly in the Armed Forces, it made a decision that could have been different, completely different. In Article 3 of Decree No 1, it decided to recognize the effectiveness of the current political constitution of the republic.

But despite this recognition, the political constitution was altered by Decree No 1, inasmuch as the entire organization and makeup of the government had been changed. Therefore, the people who are tearing out their hair because Decree 114 violates or alters the political constitution would seem to be doing so above all because the decree explains the country's economic structure. If they were consistent in their interpretation and legal zeal, they ought to have unleashed this furious wave or flood of Salvadoran legal purism on 15 October 1979, not now, because that was when the constitution was altered, that was when a "constitutional" government was removed, that was when the institutional order was abandoned, that was when a de facto government was set up, and that was when the decision was made to change the lawmaking process and to govern by decree-laws. It was then that that the organic part of the constitution was changed, but no lawyer said anything at the time.

III. Analysis of Decree No 114

In expanding upon Decree No 1 of the Revolutionary Government Junta, Decree 114 reaffirms the effectiveness of the Political Constitution of 1962; in other words, Decree Nos 1 and 114 express the same thing: recognition of the Political Constitution of 1962. However, while Decree No 1 introduces necessary modifications for the organization of the government (changes in the organic part of the constitution), Decree 114 specifies to what extent the economic system of the same constitution is going to be implemented.

Thus, Decree 114 recognizes the political constitution and sets forth a government program or a program of changes by developing the

principles that are already laid down in our political constitution. In other words, Decree 114 expresses the general principles set forth in the Political Constitution of 1962 in concrete fashion. In addition, the explanations of Decree 114 were already contained in the Proclamation of the Armed Forces on 15 October 1979, and to expand upon them the Armed Forces reaffirmed on 9 January of this year its commitment to the people to promote the path of change and democracy.

In this connection, I refer you to the Government Program dated 9 January of this year. Decree No 114 limits the powers of the de facto government and clearly specifies its plan of action, which stems from the commitment set forth in the Armed Forces Proclamation. This was, therefore, an act of self-limitation to achieve the juridical safeguards that some people are calling for at present, safeguards that are by far not the only goal of law, as we will see further on. We are thus reconciling the content of the proclamation and the economic system of the 1962 Constitution. This system is actually some 30 years old, dating from the enactment of the 1950 Constitution. Thus, if this commitment had been fulfilled 30 years ago, we would now have an economic system based on principles of social justice.

Before beginning a comparative study of our economic system and the content of Decree 114 itself, I ought to indicate what the nature of the current government is, because in one way or another it is referred to in the decree that we are discussing. There is no need to look for hidden intentions. Things are clear, and it all depends on our interest and purposes in analyzing them. The nature of the government squares with the principles of the Armed Forces Proclamation, and in turn the Armed Forces have tried to interpret the philosophy of the constitution as summarized in Article 2, which unfortunately was not developed by the secondary legislative body for more than 30 years. These principles are contained in Article 2 of the constitution, which reads: "It is the obligation of the state to insure that the inhabitants of the republic enjoy freedom, health, culture, economic well-being and social justice."

On 15 October 1979 the Armed Forces realized that there had been 30 years of deceit and corruption and decided to end this succession of fraud and frustration and offer the Salvadoran people a chance to overcome these frustrations and problems. It is this that people are now opposing, not the form of Decree 114.

Thus, we need to look nowhere else to discover the nature of this government. It is contained in the proclamation that interprets the philosophy and spirit of the constitution that I have so often mentioned.

IV. Scope of the Economic System of the Political Constitution

Decree 114 concerns the economic system of the political constitution and to a certain extent it is an interpretation of the system.

Decree 114 does not create new situations nor, much less, situations that are at variance with the provisions of the political constitution, inasmuch as it does not establish institutions outside the scope of the constitution. In order to better understand these situations, we should recall the following facts:

The Political Constitution of 1950, as amended by the Constitution of 1962 (an amendment that, we will recall, was of spurious origin and designed solely to enable a specific person to take power) is to a certain extent the constitution that governs us today, at least in its philosophy and general principles.

This constitution established for the first time an economic system with clearly social aims, that is to say, a system of economic rights as in other Latin American constitutions.

In addition, the Political Constitution of 1950 established a system of social rights and the classical system of individual rights that is characteristic of all liberal constitutions.

The following are the major principles on which our economic system is essentially based:

- 1) An economic system must be in keeping, above all, with principles of social justice.
- 2) Economic freedom is guaranteed to the extent that it does not run counter to the social interest.
- 3) Private property is recognized and guaranteed in its social function.
- 4) The state can run enterprises that provide essential services to the community in order to maintain the continuity of services when owners or managers refuse to observe rulings on economic and social organization.
- 5) The public interest has precedence over the interest of individuals.
- 6) State or municipal monopolies can be established when the social interest so dictates.

We have the following complementary stands in the social sphere that are clearly linked to economics:

Labor is a social function, enjoys state protection and is not regarded as an article of trade. Social security is an obligatory public service. These are the basic principles underlying our system of economic rights. Decree 114 spells them out, so that our economic plans are clearly set forth. Decree 114 also reaffirms the effectiveness of the Political Constitution of 1962 and explains how the application of these constitutional principles can be more efficient.

The programs contained in the decree could well have been carried out under secondary legislation in a normal regime of law when the Constitution of 1950 was promulgated, but unfortunately this was not done.

This revolutionary government is now attempting to do this, within the framework of the constitution and in accordance with its interpretation of Decree 114. Thus, for example, when it mentions in No 1 the measures to nationalize foreign trade, this is merely the application of a constitutional principle (Article 142) that stipulates that monopolies cannot be created or authorized for the benefit of private individuals but that they can be established for the benefit of the state or of municipalities when the social interest so dictates.

In this case, namely the nationalization of foreign trade, we must realize that this trade is a monopoly for the benefit of the state and is therefore authorized by the political constitution. Hence, secondary legislation could well have been passed establishing a foreign trade monopoly for the state, in which case we would not be discussing the alleged contradictions that some lawyers claim to see in Decree 114.

When Decree 114 says "bring about the nationalization of foreign trade," in no way is it contradicting or amending the political constitution; rather, it seeks, subsequent to the constitution, to nationalize foreign trade by creating a state monopoly. In fact, foreign trade had already been nationalized, and the present decree merely reaffirms this. The same thing goes for the nationalization of banking in the country. We are saying that the political constitution will be applicable to the extent that it does not run counter to the nature of the present system, and it so happens that the political constitution not only does not oppose but on the contrary authorizes or permits the state to regulate, via secondary laws, banking, the credit system and the monetary system. Thus, as in the first case, the constitution not only does not oppose such a move; it authorizes it. It is probably the wording of the decree or the interpretation that people want to give to it that prompts criticism when an attempt is made to develop our economic system by

explaining and implementing it. It is for this reason that it can apparently be regarded as a modification of the text of the constitution. With regard to the nationalization of banking in the country, there is a very clear-cut provision, Article 143, which reads as follows: The power to issue currency is vested exclusively in the state, which can exercise this power directly or through a public institute of issue. The monetary, banking and credit system will be regulated by law. Thus, banking could have been nationalized under any secondary law, rather than pursuant to this decree, which could have even not mentioned it. Thus, the monetary, banking and credit system will be regulated by law, the constitution says. So, a secondary law could well have ordered the nationalization of banking, which at no time runs counter to the provisions of the constitution. Article 143 goes on to say: the state shall pursue a monetary policy that will promote and maintain the most favorable conditions for the orderly development of the national economy.

The decree expresses the need to remove assets from the national treasury, allocate General Fund resources and establish special arrangements to meet the needs posed by structural changes and the activation and reorientation of the national economy. Such actions by the government of the republic are already provided for as well in the political constitution, and these special arrangements can be set up through secondary laws.

All of the currently existing autonomous institutions are in keeping with these constitutional principles. How is it a violation of the constitution when this decree reaffirms the need to create these specific funds to meet the needs posed by structural changes, if Article 121 of the constitution authorizes the establishment of such funds for cultural, public health, welfare, social security, economic development, etc purposes, these being precisely the basic elements in implementing a program of structural changes? Hence, this other point of Decree 114 also conforms to the provisions of the political constitution, in line with the aforementioned article, and I hope that our lawyers read it carefully.

Another point in the government program contained in Decree 114 concerns guaranteeing the right of workers, especially rural workers, to establish professional associations.

It cannot be a violation of the political constitution when a government, especially a revolutionary government, guarantees the right of all workers to organize, especially to organize professionally. Nor is it amending the constitution to specify an interest in protecting the working masses, particularly in rural areas.

Article 191 of the political constitution clearly establishes that employers, laborers and private employees have the right to organize themselves freely to defend their respective interests by forming professional or union associations. It is the purpose of the decree to reaffirm the government's intention that no self-interested interpretation of the constitution will oppose this goal.

Decree 114 also calls for the regulation and implementation of an agrarian reform as part of the government program.

We must analyze the problem of an agrarian reform within the context of the entire series of social, political and economic problems that a given society is experiencing.

An agrarian reform includes all organized actions aimed at altering the structure of landownership in order to make it more productive and so that what it yields is redistributed for the benefit of the entire community, while at the same time achieving the social, cultural and economic betterment of the entire farm population.

If this was a proper goal for the liberal reform of last century, then the attempted changes being promoted for this century's agrarian reform should be regarded as licit and appropriate also.

The eminently liberal constitutions of the last century furthered the creation of an entire legal apparatus that made possible a reform leading to the development of the capitalist system in this country.

During the last century and in the colonial period as well, there coexisted two forms of landownership: that of the Indian communities and the communally owned land of the municipalities. The decline in the growing of indigo and the introduction of coffee-growing prompted, among other things, a reform in the ownership of land and a change in output, as well as the conviction that a chaotic and vague colonial model for the use and ownership of land could not satisfy these demands. The coffee-growers were thus persuaded of the need to undertake major reforms. Thus, the decree of 26 February 1881 stated that community-owned lands hampered agricultural development, impeded the spreading of wealth, etc, and with one stroke of the pen (listen closely) the government abolished a form of communal landownership. The following year, 1882, liberalism demanded the elimination of the ejido as an institution that was a stumbling block to agricultural development because it ran counter to our liberal economic principles, and thus in March 1882 ejido ownership was abolished in El Salvador.

Later, a Rural Property Title Law was enacted, the Registry of Real Estate was instituted, and around 1907 the Agrarian Act was decreed. All of these legal instruments are the basis of the current structure

of landownership and the resulting arrangement under which men develop the land for other men.

The constitutions of 1950 and 1962 reacted against the absolutist system of ownership that is a feature of the liberal system and institutionalized the arrangement of private property with a social function. This is a new form of ownership that requires the implementation of a new structure of landownership.

There is no doubt that the agrarian reform is a concept that is greatly feared, especially by those who benefited from the liberal agrarian reform of the last century, inasmuch as today's reform seeks a structural change, a radical and definitive social change.

The state, and specifically the current government, feels that it cannot continue to be the tool of the agroindustrial, commercial and financial oligarchy, and it has therefore decided, and has said so expressly, to carry out its agrarian reform.

An agrarian reform could have been implemented even if it were not mentioned in this decree, inasmuch as the political constitution establishes a new system of ownership, private property with a social function. Nonetheless, when Colonel Molina's government attempted such a move, the people who are now attacking Decree 114 attacked the bid for a reform because they felt that it too was unconstitutional.

The following are the arguments of the bar associations and other attorneys whose ideological stances are well-known:

- 1) That the Government Junta recognized the Constitution of 1962 in Decrees 1 and 7, thus establishing the legal framework for its actions;
- 2) That the Government Junta is not a sovereign power and therefore cannot amend the political constitution;
- 3) That the wording of Decree 114 is vague and ambiguous;
- 4) That the junta's goals are to reestablish the rule of law that has been violated and to return to a constitutional order; and
- 5) That Decree 114 violates juridical safeguards and paves the way for future arbitrary reforms of the constitution.

I can answer these arguments as follows:

- 1) Shortly after the Government Junta was established, it issued Decrees 1 and 7, in which it certainly recognized the Constitution of 1962. The cabinet crisis that arose at the start of the year brought

the Christian Democratic Party into the government, and a new political pact was hammered out with it whereby the Armed Forces Proclamation was redefined. We were aware of the need to specify, while respecting the constitution, the goals and objectives of the government, whose essential tasks are to aid the needy segments of the Salvadoran people and to break once and for all with the powerful oligarchy. It was in keeping with this urgent need that Decree 114 was issued, and at no time has it deviated from what has been set forth in the proclamation, its redefinition and the political constitution of the republic.

2) The Government Junta, which emerged from a coup d'etat, seeks to be revolutionary, respects the rules of the game that have been established and can in no way accept being capriciously told how it ought to act, especially when all of the arguments, which are devoid of sincerity and patriotism, are an attempt to defend the economic interests that the junta wishes to eliminate. There is no law that governs the activities of a government stemming from a coup d'etat, and therefore the junta's limitations are ethical and political rather than juridical. Now then, the government feels that from its ethical-political viewpoint and in accordance with the Armed Forces Proclamation, in order to break the power of the oligarchy and improve the living standard of most Salvadorans, who are living in subhuman conditions, it is necessary to undertake an agrarian reform and nationalize banking and foreign trade, always within the framework of the constitution, even if this provokes the rage of land-owners, bankers, exporters and their attorneys.

Nonetheless, the Government Junta has upheld the Constitution of 1962, as it has stated, and the changes that have been introduced pertain to its organic section (Decree 1). Thus, if people are sincere, they will have to admit that what the junta has done has at no time brought on anxiety and insecurity.

3) Decree 114 is not vague and ambiguous. It clearly states that the junta recognizes the Political Constitution of 1962 to the extent that it is compatible with the nature of the regime and does not contradict the principles and objectives of the Armed Forces Proclamation of 15 October 1979 and its government policy. How is Decree 114 vague and ambiguous when we already know the nature of the current regime (a regime with an associated Government Junta replacing the president of the republic, together with ministers and assistant secretaries, most of them from the Christian Democratic Party), when we already are familiar with the principles and objectives of the Armed Forces Proclamation and, moreover, when the government policy of the junta has already been made known through its decrees and rulings?

Aside from the above, the specific measures that the junta is trying to adopt are set forth in Decree 114, so that there is nothing vague or ambiguous about them.

4) The goals of the junta are not the mere reestablishment of the rule of law that has been violated and a return to a constitutional order. In accordance with the proclamation, the junta's goals are to create the necessary conditions for people to live in peace and with dignity and to lay the groundwork for an in-depth transformation of the country's economic, social and political structures; and

5) All of the lawyers who are challenging Decree 114 are apparently exaggeratedly interested in juridical safeguards. These lawyers forget that safeguards are just one of the values that law aims at and that the law seeks to secure other values that are equally as important as safeguards, or more so. These values are justice and the common good. Our lawyers, whether purists or hucksters, are deeply concerned about laws providing safeguards, but they do not care whether the laws are unjust or run counter to the good of the community.

But even if we place legal safeguards above justice and the common good, we must acknowledge that Decree 114 does not introduce any elements of insecurity, inasmuch as its scope is clearly spelled out. It does diminish the privileges of certain individuals, but that is also its specific purpose.

The lawyers are also worried that the way has been paved for future arbitrary reforms of the constitution. The junta has given unequivocal indications that it will act prudently and properly, without ever resorting to high-handedness.

It is singularly noteworthy that when a measure to benefit our neediest classes, such as Decree 114, is enacted, certain lawyers immediately brandish the weapon of publicity and denunciations and term the measure arbitrary. But when previous governments committed a series of injustices and arbitrary actions against these same needy classes, the only thing heard from these lawyers was total silence.

I should also mention that all of these pronouncements urge the Armed Forces to uphold the constitution. These urgings do not exactly represent a sincere desire to uphold the constitution, inasmuch as serious violations have been committed on other occasions, and the defenders of the constitution did not voice any protest. In this case, it is not up to the Armed Forces to choose between constitutional and unconstitutional actions, but to decide to defend either the economic interests of the oligarchy or the economic interests of the deprived classes.

Another argument that is constantly voiced in these pronouncements is that they are against changes unless they are rational changes. This is a hypocritical way of easing their consciences somewhat, because what they are really doing is opposing rational and unpostponable changes, such as the changes entailed in the agrarian reform, the nationalization of banking and the nationalization of foreign trade.

What are the changes that they are not against? As has always been the case, they are, of course, not against the changes that do not change anything.

Conclusions

1--The alleged defense of the political constitution is nothing more than an aggressive defense of economic interests;

2--The alleged defense of the political constitution is nothing more than a desire to maintain the status quo;

3--Urging the Armed Forces to uphold the constitution merely means urging them to remove the officials who are socially aware and to forever suppress the changes that have been programmed;

4--The stand of agreeing with rational changes is merely a deceptive, misleading stand whereby they have always tried to give the impression of being on the side of our underprivileged masses. We must clearly state that what this abstract stand has always sought has been changes that do not change anything.

Messrs Attorneys:

"The whole world," Burdeau says, "is prey to revolutionary agitation. We perceive the symptoms beneath the din of battles, and in history the revolutions of the 20th century have relegated wars to a secondary status. Thus, at the risk of deepening the ever-widening gap between deeds and the law, jurists cannot become disinterested in the revolutionary phenomenon. Instead of awaiting a hypothetical and, in any case, distant return to calm, they must study revolutions as a subject matter that really pertains to them, because they will also find the very substance of their science in the throb of life."

"We must not be afraid when we feel the need to realistically analyze new juridical ideas and to record the birth of new juridical categories." G. Vedel

DUARTE'S FREEDOM OF SPEECH VIEWS SCORED

PA222350 San Salvador DIARIO LATINO in Spanish 21 Mar 80 p 7 PA

[Editorial: "Freedom of the Expression on the Pillory"]

[Excerpt] [Passage omitted] Jose Napoleon Duarte spoke at the Inter-American Press Association [IAPA] meeting in El Salvador and talked about freedom of expression in El Salvador.

He could have very well said that radio news reporting is being restricted to the extent that the only news allowed is the official bulletins broadcast in network. He could have said that the private sector, which is the country's most important economic force, and which has wanted to help draft the economic policy imposed by the revolution and express its opinions, has not been given permission to present its ideas.

He could have said that terrorists, both on the left and right, have attacked businesses exploding powerful bombs in their installations with the only purpose of intimidating the information media. Nothing was said about this.

Duarte gave a speech similar to the ones we, the Salvadorans, are familiar with in which he said things that don't impress anyone.

"Historically," Duarte said in his speech, "some attempts have been made to achieve a just balance and avoid the existence of a powerful class opposed to a class of the poor who have only misery. All efforts have failed."

"We have misery and an economic, social, and political imbalance: three great evils which have spawned violence."

He spoke like this during a newsmen's congress which had been analyzing the behavior of governments with regard to the respect for human rights which include freedom of expression.

In this respect the IAPA meeting in Costa Rica has given us cause for concern because throughout Central America freedom of expression is between the devil and the deep sea. The devil is represented by the men in power and the deep

sea by the third force which kidnaps capitalists for ransom; invades embassies, businesses and public buildings and kills in cold blood. This is done to such an extent that we can say that "life is worth nothing here."

Duarte could have defended the political regime he represents by saying that freedom is restricted due to reasons beyond their control and that the state of siege has been imposed because of the anarchy existing in the country where the government is not obeyed, where the laws are useless, that is to say where the law of the jungle prevails and where it is everyone for himself. He would have been speaking the absolute truth and men should talk like this. [passage omitted].

CSO: 3010

EL SALVADOR

DADA SCORES ROMERO'S MURDER

PA250502 Managua Domestic Service in Spanish 0330 GMT 25 Mar 80 PA

[Text] Mexico City--The murder of Msgr Oscar Arnulfo Romero in San Salvador is evidence of the escalation of the right in that country, former Salvadoran junta member Hector Dada has said in Mexico City today.

I hope my fellow party members who are still in the government will know how to react, without once again losing their heads, Hector Dada added. Dada, a member of the Salvadoran Christian Democracy, resigned his government post as he did not agree with the government's actions. He is now residing in Mexico.

Hector Dada feels that the Salvadoran government and rightists are trying to provoke a hasty rebellion of the people in order to prevent the people from being adequately prepared for the final struggle. I vehemently condemn the assassination of the archbishop of San Salvador and fear this is the beginning of a desperate action by those who are not willing to continue tolerating the repression, mostly from the ultraright groups.

Meanwhile, the revolutionary coordinating board of the masses of El Salvador, through its office in Mexico City, has condemned the assassination of Msgr Oscar Arnulfo Romero, describing it as a new provocation of those who wish to encourage a rebellion that will lead to the establishment of an ultra-rightist military government.

CSO: 3010

'APES' SCORES ATTACKS ON PRESS

PA210209 El Salvador DIARIO LATINO in Spanish 19 Mar 80 p 3 PA

[Text] The Association of Journalists of El Salvador [APES] addressed the following letter to DIARIO LATINO:

In view of the latest terrorist attempts against several massive communications media, APES expresses its protest before national and international public opinion as well as the international and Latin American communications organizations and associations, and condemns the repressive actions whereby clandestine groups try to create chaos among the Salvadoran society and intimidate the national press.

As these groups intend to coerce the communications media to satisfy their extremist ideological and political demands, contrary to the republic's democratic structure, APES reiterates its repulsion to such terrorist acts and any others that may be attempted against fundamental human rights. APES also expresses its support of and solidarity with newsmen who have been targets of the anarchy and irrationality affecting the country.

CSO: 3010

PAPER SCORES INSTITUTIONALIZED VIOLENCE

PA201618 San Salvador EL INDEPENDIENTE in Spanish 18 Mar 80 p 3 PA

[Jorge Pinto article: "Friends, Facts and Horrible Repression"]

[Text] A local newspaper referring to the explosive charge placed by the national police in the offices of the newspaper EL INDEPENDIENTE, said that our newspaper was traditionally opposed to all governments in power. In fact, we have only been opposed to 47 years of military dictatorship.

We are not opposed to any government in particular, or any person, but we are against an oppressive system. In any event, what counts in favor or against a government are its actions.

We are not against the director of the national guard, Col Eugenio Diaz Casanova. We went to school together, he is our friend, and we do not think he has ordered the horrible crimes and brutal assassinations carried out by that institution every day. We know him to be an educated and moderate person. However, facts point against the national guard. The extermination campaign carried out by the national guard condemns the institution among democratic sectors. We hope that the national guard is dissolved.

We are not against the junta because we are a friend of Antonio Morales Ehrlich and of Jose Napoleon Duarte. We also have excellent references of Colonel Majano and of his good intentions.

In the same way we could name the members of the cabinet such as Col Jose Guillermo Garcia, whom we could swear is not ordering the horrible actions carried out by the army. He has been our friend and we will always be grateful for his help in pulling a friend out of jail during the repression carried out by Molina's administration. He was always very friendly as president of the national telecommunications administration and told us about his opposition to the crimes committed by that monster.

If we could just go by the people, the junta would look very good and everything would be just fine. However, the facts are against the junta because it is made to appear as a puppet government which, in order to stay in power,

ignores 90 percent of the country. This is not the image we had of Morales Ehrlich, Napoleon Duarte, Majano, Diaz Casanova and Garcia. However, today, they are responsible for what is taking place in the country. It happens that laws are also very nice. We cannot say anything against them. We are referring to the agrarian reform and bank nationalization. However, in the same way that these laws are very nice, everything related with them is bad. The army is killing all the peasants in the country with the new arms supplied by the United States.

Good people. Good laws. Bad and horrible acts. We are ignoring these acts and it hurts us that our friends are part of the 47 year-old military dictatorship, instead of promoting a revolution which will give us a real democracy. We will cry over their graves because they are our friends and we love our friends.

There are also bad and stupid laws--like the ones on gun control--when one can be killed while turning a corner and police dedicate themselves to planting bombs at the offices of newspapers and the human rights commission.

The logical thing would be to have a law establishing the use of weapons and to be permitted to fire at any civilian who approaches you threateningly. People, therefore, should disobey the gun control law because it is an idiotic law. Citizens have no guarantees, as can be seen from Mario Zamora's case. What if Mario Zamora had received his "visitors" with a little grenade in his hand? At this point, dear Mario would be telling us how his alleged attackers had disappeared. In other countries, a citizen has the right to shoot any civilian or person in uniform who tries to enter his house at night. That should be the right of every citizen.

We have been peace lovers in the past, but violence has become institutionalized here and as a result of that, one does not know if one is safer with the police or with the thieves. The best thing would be for honest people also to carry arms and most certainly to disobey the idiotic gun-control law.

The National Coordinating Board decreed a general strike yesterday. This newspaper is circulating today with few pages because its owners support the strike. So does its management, which also expects that those at the top--whether friends or enemies--will turn their eyes to the Salvadoran people, who anxiously await some direction.

CSO: 3010

DUARTE SAYS LEFT TRYING TO DESTABILIZE COUNTRY

San Salvador EL MUNDO in Spanish 14 Feb 80 p 2

[Text] Jose Napoleon Duarte, Secretary General of the Christian Democratic Party, said yesterday at a press conference that his "party does not accept actions that violate human rights, no matter who is responsible. He went to say that organizations on the extreme left are doing it every day because they want to destabilize the country in order to obtain power.

He said that the violent situation produces a state of constant warfare in the country and noted, "In El Salvador the law isn't responsive at all." Those on the extreme right, he stated, are fomenting violence because they don't want social and economic changes to occur, and those on the left are also taking advantage of the situation to create the chaos that will pave the way for their ascent to power.

"We think it's necessary to understand the problem so that we can set to work putting things in order in the country. We know this problem is complex and that it is not solvable in a day. All of us Salvadoreans should contribute to the solution," he stated.

Supporting what Duarte had said, Julio Adolfo Rey Prendes remarked that in his country there are many regrettable situations involving violation of the law. He said that such organizations as the LP-28's [expansion unknown] cannot exercise control over some of their members, and consequently there are such acts as the occupations, which no longer have any public support.

He stated that more serious problems will arise in the country, but the Christian Democrats are making a great effort to bring about the eradication of those attitudes, inviting groups in the country to work with them in the most effective way.

"In this country there is a continuous fomenting of violence. The extreme right does it to avoid changes; the extreme left, to destabilize the country. The Guadalupe Martinez group comes out of the university to do it, and other groups do it. In order to remedy this situation, the Christian Democrats have brought forth a program of reforms. All that is needed is for Salvadorans to give them support in order to achieve success nonviolently," he said.

CHRISTIAN DEMOCRATS ISSUE SITUATION REPORT

San Salvador LA PRENSA GRAFICA in Spanish 27 Feb 80 p 31

[Statement by the Christian Democratic Party]

[Text] The Party's Position and the Armed Forces' Commitment

The coup d'etat of last 15 October opened the doors to the process of democratic revolution in our country. The armed forces' declaration expressed the desire for the change and democracy for which our party has fought since its founding. On the basis of this statement, we agreed to participate in the first junta's government; and, on the basis of those same statements, our party decided that its officials would resign from the government when we observed that it was shifting to the right.

The governmental crisis of late December presented our party with two alternatives: If the party refused to participate, the armed forces would have to form a government with "independent rightist groups," which would have meant, sooner or later, that the government would drift into an increasingly regressive position and, finally, again bring about the complete polarization of the country, with the resultant civil war. On the other hand, the alternative whereby the Christian Democratic Party would join the new government constituted not only a historical challenge for the party under difficult conditions, but also, above all, offered the opportunity to maintain and develop the democratic process that the coup of 15 October had initiated, and to carry out the program of changes that we had proposed to the people for many years.

However, aware of the situation in which this responsibility placed us, we set before the armed forces the need to define with unequivocal clarity a platform of government whose two central principles were:

To deepen and expand the anti-oligarchic structural reforms to open a road for social progress and thus remedy the rightward shift of the government, by specifically indicating what those structural reforms were;

To create a democratic government that respects civil rights and represents a broad range of the people, by means of a dialogue with all the people's organizations and participation in the government by democratic and progressive organizations.

It was clear to our party that accepting the challenge of that moment entailed grave risks. However, we were also aware that the majority of the people had repeatedly expressed their desire for profound, democratic changes and that our party was the bearer of those aspirations of the country's democratic movement. Therefore, it was its historical duty to do everything within its power to make a reality of them through governmental action.

The fact that the armed forces as a body and as an institution publicly supported the government's program strengthened our belief that the commitment undertaken with them could be fulfilled, that the will shown on 15 October had been reaffirmed and made stronger; and, finally, that the armed forces were publicly and formally undertaking a deeper, more sincere commitment to their people.

The Actions of the Christian Democrats in the Government

During these 6 weeks, our party, through its officials, has endeavored to carry out and implement the program for government. They were placed there by the party to give impetus to the changes implicit in the armed forces' declaration and made explicit in the commitment to it of 9 January. Their job there is to give them substance and make them work. This task is not easy. They must overcome the fierce, firm resistance of the groups affected by the socially constructive measures; and, furthermore, they often have to struggle against strong adversaries entrenched in those same centers of power.

It is not our intention to recount here the skill and dedication with which our men with the portfolios of the presidency, foreign affairs, labor, interior, economy, agriculture, education, attorney general, justice, etc., have faced the daily problems of each of the ministries. It is rather to point out that in only 6 weeks of work the junta has already been presented with proposed laws for agrarian reform, for nationalization of the financial system, and for reform of the Labor Code. That is, our officials have focused on basics and have fulfilled the commitment undertaken.

The Right's Offensive and the Attempted Coup

In recent days, the government and especially the Christian Democratic Party have been subjected to a thunderous campaign of attacks by the communications media. Particularly prominent among them have been the televised statements by Maj Roberto D'Ambrissio, a former prominent member of the apparatus created by the previous regime to use terrorism

to combat the growing rebellion generated by the dictatorial and repressive system of the most recent military governments. That offensive, publicized internationally, was an open expression of the antigovernment strategy of the groups that question the changes in order to prevent them. An effort was made to carry out the strategy to its fullest on the recent weekend.

This action implies the participation of members of the armed forces; for it is impossible to otherwise explain the complete security and impunity with which the civilian members of the conspiracy acted, publicly attacking one of the military members of the Ruling Junta, in apparent contradiction of persistent, hypocritical flattery of the armed forces. This conspiracy is a threat to the unity of the armed forces and the program for change, and it represents a regressive effort to restore a historically exhausted system with the same characteristics of terrorism, repression and murder that were denounced in the statement by coup leaders of 15 October, and which the Salvadorean people could never accept as an alternative for resolution of the prevailing crisis.

The reverse suffered by those promoting the coup constitutes convincing proof that they do not have the support of the majority of the armed forces. Consequently, their viability as a government and their stability would be seriously in question from the outset. If this were not enough, with its actions this small, antipatriotic group has compromised the very unity of the institution and has dragged some of its members into a situation that, to say it with restraint, falls within the scope of the country's Penal Code and creates a contradiction within the government that cannot continue unresolved. In this regard, it is essential to determine the responsibility of the leaders of the attempted coup.

It is within this context that the unspeakable murder of our comrade Mario Zamora Rivas assumes meaning, as do the absurd, immoral accusations against members of our party by Major D'Abuissou and other figures on the extreme right who, under their own names or pseudonyms, attack the Christian Democrats day after day in the press and on television and carry out their threats in criminal acts against democratic segments of the Salvadorean people.

Positioning of the Armed Forces

In view of the foregoing, the Christian Democratic Party, true to its democratic and revolutionary nature, believes that the moment has arrived to publicly set before all armed forces leaders and the Salvadorean people the need of a clear, unmistakable definition of the armed forces with respect to the following two points:

1. The early implementation of the structural reforms whose draft laws have been already submitted to the honorable Revolutionary Ruling Junta.

We are specifically referring to the nationalization of the financial system and to agrarian and labor reform; and

2. The immediate adoption of the appropriate disciplinary measures against the leaders and officers who took part in the attempted coup d'etat of the recent weekend, as well as punishment of the civilians who instigated it.

We believe that both points are essential to the realization of the aspirations of the underprivileged majority of our people and to make a reality of the historic commitment that we publicly undertook with the armed forces on 9 January.

Call to the People

When the Christian Democratic Party accepted the responsibility of governing with the armed forces in order to create a system of political democracy, social justice and economic liberation, it did so knowing the risks this stand entails and certain of responding to the most heartfelt aspirations of the people. Twenty years of honorable, fruitful struggle against dictatorship, oppression and repression are our warrant to continue with assurance of the support of people who on previous occasions have demonstrated their resoluteness and heroism in supporting us in this struggle to push aside the obstacles that people or groups are erecting and that prevent the government from representing the people and from carrying out the great transformations that will bring to the Salvadorean people their long-awaited liberation.

San Salvador, 26 February 1980

Christian Democratic Party

9085

CSO: 3010

EL SALVADOR

COFFEE GROWERS SAY LEFTIST LEADERS DIRECTING STATE SEIZURES

San Salvador EL MUNDO in Spanish 1 Mar 80 p 13

[Text] Nationalization of the domestic and foreign trade in coffee, as well as the agrarian reform plan, are political tools that should be rejected and also fought by political means, it was agreed yesterday by numerous coffee growers from the central region of the country who attended the meeting in the offices of the La Libertad Department Council in Santa Tecla.

The delegations from the departments of La Libertad, San Salvador, Cabanas, Cuscatlan, San Vicente and La Paz stated that nationalization of the coffee industry is an issue promoted by local leftists, who little by little have been winning the political battle in El Salvador because the capitalist sector, which generates the country's wealth, has been ashamed to be labeled "the country's right." "That remains in the past, and now it's time for us to unite to create a single political group with leaders in order to confront that threatening left and to exert pressure on the government so that it will respect the principles and the rights of private enterprise," said coffee growers Alberto Bondanza and Augusto Romero.

Those in charge of the meeting said that the coffee growers' association does not oppose the economic and social changes that the country needs. "What we are against," they said, "what we oppose is action that threatens the system of private capital that has been the source of national wealth, in order to install another, socialized, type that will be the ruination of the country." They also indicated that the coffee growers are not only defending the interests of the coffee industry but the country in general, for it is on the verge of falling under the communist assault.

Bondanza and others who took part in the analysis of the country's economic and political crisis said that, in the face of the unity of the left, the coffee growers and all farming, industrial and banking groups in the country should also create a single body to defend what by virtue of the constitution, hard work and tradition belongs to them.

"If the left is united and has leaders, why can't we do it, if we have more resources and ability than them?" they asked.

Another of the items agreed upon at the meeting was that the coffee growers will fight, united as a single group, at the national level "to make the government respect private property and then tell us where we are going to sit down to discuss reforms and changes so that we can help within the limits of our resources."

The resolutions will be sent to the Coffee Growers Association of El Salvador, they said, for coordination and application at the national level.

9085

CSO: 3010

PRESIDENT EXPRESSES SUPPORT FOR PRESS FREEDOM

Guatemala City DIARIO DE CENTRO AMERICA in Spanish 15 Feb 80 p 3

[Text] Gen Fernando Romeo Lucas Garcia, constitutional president of the republic, stressed his government's respect for freedom of the press and the unrestricted right to information, during a courtesy visit (yesterday noon at the Presidential House) by the board of directors of the Journalists Association of Guatemala [APG].

The president discussed several aspects of national life, especially with regard to journalism, and lamented the defamation campaign, financed by Amnesty International, that sectors of the international press have been carrying out with the sole aim of ruining the reputation of his government and Guatemala abroad.

He mentioned the case of newsman Adelfo Zarazua, who recently sought asylum in the Venezuelan Embassy in this capital. He said that the case is surprising since there is no persecution in our country, and Zarazua was even offered full protection in the case by Minister of Government Donaldo Alvarez Ruiz, as well as by Carlos Toledo Viemann, secretary of public relations of the president of the republic, who interceded for him with the authorities.

General Lucas stressed that there is no enmity toward the press, rather, friendship and respect for it.

He thanked the APG for its visit, and urged them to contribute to efforts for the peace and happiness of Guatemala.

He expressed his personal satisfaction that his government has favored and will continue to favor freedom of the press, which everyone should responsibly protect and support.

Returning to the case of the newsman who sought asylum, General Lucas told the APG directors that the national press may be absolutely certain that the government is in no way responsible for reporter Zarazua's fears, and therefore his decision is truly lamentable.

The APC president thanked the president for his statement, and after expressing his satisfaction, said that the Guatemalan press not only was aware of the truth of his words, but also shared President Lucas' opinion of the need for all Guatemalans to present a common front against the enemy seeking to end our freedoms.

President Lucas then discussed other aspects of his government, the major work of the Transveral del Norte, and petroleum in the country.

President Lucas was accompanied at the interview by Toledo Viemann, secretary of public relations of the presidency of the republic.

Representing the board of directors of the APC were journalists Fernando Molina Nannini, president; Juan O. Rivera Santizo, vice president; German Duarte Castaneda, first speaker; Francisco Baeza Alvarez, third speaker; Julio Drago Palomo, treasurer; Carlos Azurdia Montenegro, prosecretary; and Julio Ramirez Alvarez, secretary.

8587

CSO: 3010

GUATEMALA

DIPLOMATS EXPRESS CONCERN OVER MISSION SAFETY

Guatemala City DIARIO DE CENTRO AMERICA in Spanish 11 Feb 80 p 4

[Text] The Ministry of Foreign Relations has begun a study of the document presented by the diplomatic corps in Guatemala, regarding security of personnel and respect for, the territories represented, according to Foreign Minister Rafael Castillo Valdez. He made his statement after a meeting at the National Palace with spokesmen for the ambassadors of the nations that have ties with this country.

Minister Castillo Valdez told newsmen that Gen Fernando Romeo Lucas' government respects the principle of extraterritoriality and national sovereignty, so the ambassadors' opinions will be considered calmly in order to permit the diplomatic service to operate in the republic without limitations.

Guatemala Has Complete Respect for International Agreements

As Foreign Minister Castillo Valdez stated, Guatemala fully respects international agreements on territorial matters, and the national authorities also have instructions to render assistance in any emergency if so requested by the diplomats.

The diplomatic corps' petitions merit the government's closest attention, according to Foreign Minister Castillo Valdez, who added that when his office completes its review of the requests, it will give its reply.

Unity of Central American Common Market Under Debate in Regional Forum

In a regional forum to be held on 21 and 22 February in a city yet to be determined, the economy ministers will review studies on the unity and strengthening of the Central American Common Market, according to the Guatemalan minister, Valentin Solorzano.

The minister indicated that the plan to bring together all the economy ministers of the region is intended to acquaint them with documents prepared by the Secretariat for Central American Integration, in order to strengthen the ties among the nations of the Isthmus.

Ambassador to Mexico Calls for Unity Against Communism

In statements to the press last Wednesday, Jorge Palmieri, Guatemalan ambassador to Mexico, called upon citizens and social organizations to maintain the country's unity against communist effort to dominate it.

After meeting with Foreign Minister Rafael Castillo Valdez, Palmieri stated that the Mexican press has misinterpreted some of his statements about the incident last week in the Embassy of Spain, but the truth is that Guatemala respects international law on extraterritoriality of diplomatic posts.

8587

CSO: 3010

RELIGIOUS LEADERS TAKE POLITICAL STAND

Bishops Call for Peace

Guatemala City DIARIO DE CENTRO AMERICA in Spanish 22 Feb 80 p 2

[Text] We, the bishops who make up the Episcopal Conference of Guatemala, the highest-level organization of the Catholic Church in our country, want our unanimous voice to reach the door of each home and each heart to invite all Catholics and men of good will to think and reflect on the historical moment we are experiencing.

When he opened the Third General Conference of the Latin American Bishops in Puebla (Mexico), Pope John Paul II urged us to be "teachers of the truth, promoters of unity and defenders of human dignity." With the help of God, we want to be true to that mission.

1. As pastors we must deeply regret the serious situation of violence which our homeland is undergoing. It is with great pain that we see the radicalization of ideological positions. Furthermore, there is much confusion among Christians regarding the true mission of the Church. We are aggrieved, for example, that the words of the Sovereign Pontiff have been only partially interpreted, taken out of the general context of his teaching.

2. Our beloved homeland urgently needs a climate of peace and unity. There is a vital need that Guatemalans must satisfy if we are to solve our serious economic, social and cultural problems. We must remember that above ideological differences is the supreme principle of our common brotherhood. God our Father wants all Guatemalans to live in a just and fraternal social order. For this reason, the true peace is the fruit of justice and love. Now we remember, with greater understanding, the messages of Paul VI in world celebrations of peace: "If you want peace, work for justice," and "Every man is my brother."

3. No one can deny that there is much injustice in our country. It is easy to cast the blame for present injustices on others, but every Guatemalan must become more and more aware of his own responsibility. At the present time we Guatemalans must come to a halt on the road of our life and, before

God and our own conscience, we must recognize our share in the blame for this situation. As pastors, we are convinced that it is man himself, with his activities, who makes the structures within which he lives good or bad. Never before have we so urgently needed to return to the deep roots of our following of Christ in fraternity and justice.

4. We want to use the teachings of the Church to condemn for the nth time this anti-Christian and anti-evangelical violence. Any kind of violence, whether it be in a situation of permanent injustice, subversive or repressive violence, is the most obvious contradiction of the supreme commandment of love. If all Guatemalans were to be true to the commandments of the law of God, wouldn't we live in peace--the fruit of love and justice--as all honest men desire? We join closely in the teachings of our universal pastor, Pope John Paul II: "To restore the truth is above all to call any sort of violence by its true name. We must call murder by its true name: murder is murder, and political or ideological motivations, far from changing its nature, on the contrary lose their own dignity. We must call the slaughter of men and women by its true name, no matter what the ethnic origin, age or condition of the victims. We must call torture by its true name, and use the appropriate terms to describe all forms of oppression or exploitation of man by man, of man by the State, of one people by another. We must do so not to assuage the conscience with loud denunciations that lump everything together--that would not be calling things by their true names--nor to stigmatize and condemn people and nations, but to help change attitudes and mentalities, and to give peace a chance." (John Paul II, Day of Peace, 1 January 1980)

5. Not everything is negative in our country's situation. We know that some people and groups are trying to deal with the problems of poverty with new attitudes. We know that Guatemalans, united, can find a just and brotherly solution at this moment of conflict in our lives. We see that there is a growing awareness of the personal dignity of all Guatemalans. Perhaps this is the time to formulate bold, urgently needed programs, characterized by a greater concern for the poor. Our option for the poor, assumed by the Church in Puebla and by our Bishops' Conference, does not exclude anyone. This option causes us to join forces in order to study and solve the problems of poverty. Our human condition, exalted in its dignity, obliges us to be concerned with the poor; our very faith also obliges us to do so. But we must avoid using language of hatred, resentment or rancor, which only encourages the class struggle and could throw Guatemalans into greater violence.

6. The Church advocates a form of humanism based on the gospel. "If the Church comes out in defense of and in favor of the dignity of the human person, it does so along the lines of its mission, which cannot but consider man in the entirety of his being, despite its religious, not social or political, nature." (Puebla, III, 2) The Church promotes the liberation of evangelization, which naturally excludes the method of the anti-Christian class struggle and the instilling of hatred and animosity.

We call upon all Guatemalans urgently, from the gospel of Christ, to unite in faith as fellow citizens of this dearly beloved homeland and to change our attitudes so that we will make peace, the fruit of love and justice.

Cardinal Mario Casariego, Archbishop of Metropolitan Guatemala.

Monsignor Juan Gerardi Conedera, Bishop of Quiche, President of the Episcopal Conference of Guatemala.

Monsignor Miguel Angel Garcia Arauz, Bishop of Jalapa.

Monsignor Constantino Luna, Bishop of Zacapa.

Monsignor Angelico Melotto, Bishop of Solola.

Monsignor Prospero Penados del Barrio, Bishop of San Marcos, Vice-president of the Episcopal Conference of Guatemala.

Monsignor Victor Hugo Martinez Contreras, Bishop of Huehuetenango.

Monsignor Gerardo Flores Reyes, Bishop of Verapaz.

Monsignor Mario Enrique Rios Mont, Prelate of Escuintla.

Monsignor Luis Estrada Paetau, Apostolic Administrator of Izabal.

Monsignor Rafael Gonzalez Estrada, Auxiliary Bishop of Guatemala.

Monsignor Mario Martinez de Lejarza, Auxiliary Bishop of Guatemala.

Monsignor Jorge Mario Avila del Aguila, Apostolic Administrator of El Peten.

Monsignor Oscar Garcia Urizar, Apostolic Administrator of Quezaltenango.

Monsignor Rodolfo Quezada Toruno, Coadjutor Bishop C.I., South Zacapa, Secretary of the Episcopal Conference of Guatemala.

Guatemala, 15 February 1980.

Paper Supports Official Statement

Guatemala City PRENSA LIBRE in Spanish 23, 25 Feb 80

[Part I: 23 Feb 80 p 2]

[Excerpts] When the confusion seemed to grow among the Catholic congregation as a result of sermons, pronouncements and other partial attitudes announced spontaneously, most often leading to disorientation and discouragement, the superior voice of our Church was heard through the document issued by the Episcopal Conference of Guatemala. The conference was held here in the capital recently.

We must stress emphatically that this is the official opinion of the Church of the people that has been presented at an opportune time to save the tranquility, hope and faith of Guatemalan Catholics. More than 90 percent of the population is Catholic, and their faith seemed to be wavering or disintegrating as a result of various attacks, even from non-authorized (after all) sectors of the clergy itself. During these times, their camp has also been joined by sowers of hatred who swell the ranks of anti-Christianism and atheistic radicalism.

The voice of the Guatemalan Episcopal Conference unanimously proclaims "at the door of each home and each heart" that all Catholics and men of good will should think and reflect on the historical moment that we are experiencing. Violence is the central theme of the document, which attempts to clear up

the truth and establish the spiritual and active position that all Catholics should assume.

The document recognizes and laments the radicalization of ideological positions, along with the fact that there is, "furthermore, great confusion among Christians regarding the true mission of the Church." It sorrowfully mentions as an example of the causes of that confusion, the partial interpretation that has been made of the words of the Sovereign Pontiff, taking them out of the general context of his teachings. This has been the case in different demonstrations that openly or deceptively have arrogated even the thoughts and sentiments of our national Church; some have shamefully been presented under the cover of anonymity. We are reminded of a recent example of a so-called pronouncement--full of hate--attributed to Jesuit priests in Guatemala and Central America--anonymously, like that--which we are presenting here in order to clarify the definite positions taken in the document issued by the Bishops Conference.

[Part II: 25 Feb 80 p 2]

[Excerpts] 2) The Episcopal Conference of Guatemala demands that we Guatemalans come to a halt in the road of our life and, before God and our own conscience, we must recognize our share in the blame for the situation into which we have fallen in the bitterness of violence. For this reason, the voice of the Church begins with the affirmation--which no one would dare question--that "there is much injustice in our country," from which we cannot exonerate ourselves with impunity without undergoing an act of contrition as is now being asked of us, requiring our own assessment of our responsibilities. As pastors, say the bishops, we are convinced that it is man himself, with his attitudes, who makes the structures within which he lives good or bad.

The Christian exhortation goes along with that which men of good will make to themselves daily so that they will invariably travel down the road of truth. Unfortunately, many have fallen into sin, even those of the front ranks of Christianity, by allowing themselves to guiltily be carried away by distortions and misunderstandings. However, the Bishops Conference is restoring Christian loyalty; this is what it says to the flock upon judging the case of Guatemala:

"Not everything is negative in our country's situation. We know that some people and groups are trying to deal with the problems of poverty with new attitudes. We know that Guatemalans, united, can find a just and brotherly solution at this moment of conflict in our lives. We see that there is a growing awareness of the personal dignity of all Guatemalans. Perhaps this is the time to formulate bold, urgently needed programs, characterized by a greater concern for the poor." And it mentions the poverty that "does not exclude anyone," and obliges us to join forces "to study and solve the problems of poverty." The human condition and faith also oblige us to do so. But, in conclusion, the voice of the Nazarene which the Guatemalan Episcopal Conference has translated, demands that in our efforts to deal with poverty we avoid "a language of hatred, resentment or rancor, which only encourages the class struggle and could throw Guatemalans into greater violence."

INTEREST RATES ENCOURAGE CAPITAL FLIGHT

PA241933 Panama City ACAN in Spanish 1931 GMT 23 Mar 80 PA

[Text] Guatemala City, 23 Mar (ACAN-EFE)--According to today's issue of the newspaper LA NACION not less than \$25 million has been withdrawn from Guatemalan banks and transferred abroad during the past 30 days.

The newspaper further states "these withdrawals, mainly from savings accounts, have been transferred abroad because of the incentive of higher interest rates and the lack of confidence caused by political events in Central America."

LA NACION adds that "the banks maintain their solidity and stability in spite of these withdrawals, but their ability to grant loans has been drastically reduced and credit has been closed."

According to the source, this trend in the flight of Guatemalan capital abroad has increased as the interest rates in the United States have progressively increased. Locally, Guatemalan continue to receive no more than 9 percent annually on their savings, while banks in the United States are paying interest rates ranging from 15 to 17 percent.

CSO: 3010

PAZ GARCIA EXPRESSES SUPPORT FOR PRIVATE SECTOR

San Pedro Sula LA PRENSA in Spanish 18 Feb 80 p 24

[Text] At the dedication last Saturday morning of phase one of the Vista Hermosa housing project, located on the outskirts of Bufalo, Cortes, Villanueva, the government military junta's president, Gen Policarpo Paz Garcia, again confirmed that the Armed Forces administration is giving every possible support to private enterprise, whether from responsible, well-organized labor union groups, financial institutions or the construction industry.

The leader added that his government is also prepared to provide every incentive necessary to municipal bodies and to "any other effort coming from sectors that show good intentions that will lead to solutions to the Honduran people's housing problem and to their liberation as workers and as citizens. The realization of social efforts such as this one, the first stage of which we are dedicating today, is the best definition of capital and labor within the context of our internal peace, which every good Honduran citizen wants to preserve."

Paz Garcia stressed the importance of the joint labor of government and free enterprise to seek the solutions to great problems, among which we might cite the nation's housing shortage. He asserted that "the government military junta...has determined that the housing shortage is a problem that must be faced without hesitation and with all the joint resources available to state institutions and private initiative."

The project, the first phase of which was dedicated by Paz Garcia, encompasses an initial installment of 25 houses. A second installment of 105 additional homes is under construction, and the rest will be built later, making a total of 325 homes, in which Villanueva Real Estate has invested over 4.5 million lempiras.

The Armed Forces leader later traveled to the city of El Progreso, Yoro, where he dedicated two housing projects. While in that community, he also stressed the importance of good relations between the government and private enterprise in this type of program.

PRESIDENT CALLS FOR WAR ON POVERTY

San Pedro Sula LA PRENSA in Spanish 1 Mar 80 p 3

[Text] Speaking yesterday at the Fifth Annual Central American Conference in New Orleans, Gen Policarpo Paz Garcia, president of the government's military junta, said that "only by resolutely attacking underdevelopment and poverty will we be able to disarm the great demagogic subversive apparatus in our area."

Forces foreign to the American continent and interests contrary to freedom and democracy are conspiring against our nation's peace. These forces are favored by the real needs of the people and the unrest and anxiety that these needs create in them," the Honduran official told businessmen from the U.S. and other nations who had assembled in that American city.

He noted that "these historic times in which all humanity, and especially Central America, is living, do not allow hesitation of any kind in view of the enormous challenge of poverty and the dissatisfaction of huge masses of people."

Ironically, he emphasized, subversive forces are using the instruments of freedom, tolerance and the free play of ideas, and invoking human rights and the exercise of democracy to do their job of spreading anarchy.

"We are living in an era that is decisive to the future of Central America and one which will undoubtedly affect the rest of the continent. Because of its special geographical location, which is highly strategic to the security of the Central American isthmus, Honduras views the course of Central American events with concern," asserted the triumvirate member.

"We in Honduras are conscious of the fact that we have not been immunized against violence," he said. "We also know that the upheaval of the masses does not stem from political or ideological agitation alone. We know that the factors that feed agitation arise out of the people's unsatisfied needs. But if, in addition to those needs, we have the 'fishermen' of opportunism and subversion exploiting the people's demands for their own advantage, the picture becomes complicated and may lead us into deplorable situations which we Hondurans don't want."

"We are very seriously worried about this aspect," emphasized Paz Garcia. "It is here where we urgently need not only the full courage of the entire Honduran nation, but also every international cooperation that can be given to us."

Paz Garcia also praised his country's social and political organization. "At this point," he said, "Honduras' social organizations are a factor in determining the government's political behavior. It is impossible to conceive of a place in Honduras, no matter how small, where the population has not been organized. In addition to this social organization, we have a dynamic, zealous and modern press, which constitutes the public's principal means of control over the government's actions. Sometimes we suffer from the excesses of this freedom of expression, but we are proud to guarantee it," noted Paz Garcia.

"In summation," continued the leader, "we can say that our basic problems are not of a political, but of an economic and social nature. These, of course, form the vicious circle that is already well known."

"What fate will bring us in the future in political matters will depend on the degree of responsibility with which the political parties assume their role and on the urgency with which they face the nation's most overwhelming problems. The Armed Forces, through me and through other public channels, have pledged their word to respect the freely-expressed will of the people."

The government leader then took the opportunity to invite the businessmen and political leaders of the United States "to understand our efforts and encourage with your support the legitimate aspirations of our people; to value fairly our demands in the area of international trade and financial and technical assistance and toward the achievement of a policy of mutual cooperation that will not offend our dignity but will preserve our sovereignty intact and give us a share in the world's wellbeing."

8631
CSO: 3010

U. S. REPORT ON HUMAN RIGHTS IN NATION FAVORABLE

San Pedro Sula LA PRENSA in Spanish 16 Feb 80 p 36

[Text] The U. S. government's report on human rights in Honduras is quite "favorable" to the nation, according to Secretary of State for Foreign Affairs Eliseo Perez Cadalso.

He indicated that the report, which is prepared annually by the American government from reports received through its embassies abroad, cites the slowness with which justice is administered in Honduras.

"However," says the secretary, "the report attributes this to bureaucratic causes and explains that this is typical in countries like ours." The secretary affirmed also that the report cites few examples of political repression, highlighting among them the expulsion of Father Guadalupe Carney "because he was advocating the need for social reforms."

"On the expulsion of the priest," Perez Cadalso said, "as a lawyer, I must point out that it is the state's prerogative to grant or take away nationality. It is a sovereign right, although I had nothing to do with this matter."

The report of President Carter's government was handed to the Honduran Secretariat of State for Foreign Affairs last week, but, though affirming that "human rights are not being violated in Honduras," it has not been divulged by the military government.

Perez Cadalso indicated that the report recognizes the existence of some deficiencies in regard to respecting human right but that "generally speaking, it is quite fair toward our country."

U. S. MILITARY AID SEEN AS CONTROVERSIAL

Student Leader Scores Aid

Tegucigalpa EL CRONISTA in Spanish 23 Feb 80 p 12

[Text] Tegucigalpa, 22 Feb (ACAN-EFE)--The economic aid the United States will provide to Honduras this year, amounting to \$159,557,000, has generated protests in student circles here.

Mario Rivera, president of the FEUH [Honduran University Students Federation], made reference to the \$10 million the armed forces will receive separately, in that it augments the funds being budgeted for technical training of the troops.

"The Honduran army," Mario Rivera asserts, "has a large budget this year, besides being one of the best equipped in the Central American area. An additional injection of money is therefore not justified."

For the student leader, the millions in aid announced by Washington and the specific increase in military funds "justifies the recent visits to Honduras made by U. S. Undersecretary of State for Latin American Affairs William Bowdler and Gen Robert Schweitzer of the Pentagon."

"We, the university students," he said, "do not take kindly to this aid, because it has already been reported that the United States is preparing an intervention in El Salvador with the participation of the Guatemalan and Honduran armies."

This report was voiced here Thursday by Rigoberto Padilla Rush, secretary general of the central committee of the pro-Soviet PCH [Communist Party of Honduras].

"We think U. S. imperialism is trying to bolster up the oligarchic governments of Honduras, Guatemala and El Salvador, by giving them the millions it is currently holding out to them," the president of the FEUH said disapprovingly.

The American military aid to Honduras is being programmed over 1980 and 1981: \$5.4 million in 1980 and an equal amount for 1981.

Training will be infantry, naval, tank and air. Infantry, naval and air instructor teams are now training in the United States.

Honduras, moreover, will acquire radar equipment for its modern air force, communications equipment, military engineering equipment and materials, and combat equipment.

The Honduran army's present equipment is of Belgian and Israeli origin, especially its naval and air equipment.

But the Americans have suddenly turned their eyes toward this Central American nation again and are showing signs of wanting to equip it with modern weapons, especially in the naval and infantry sectors.

Further Reactions

Tegucigalpa EL CRONISTA in Spanish 24 Feb 80 pp 2, 16

[Text] The U. S. government's decision to provide our country with millions in military aid has elicited various comments in the student and labor union circles contacted by EL CRONISTA DOMINICAL in this regard.

One of the opinions expressed was that "it is not reasonable to think that an aid of this magnitude is being offered to Honduras by the United States without some commitment being involved, the fact being that our army is considered one of the best equipped in the area."

"This," the labor union leader we consulted added, "tends to lend credence to the rumors of alleged foreign government interventions in decisions that are solely and exclusively the province of the nationals of each Central American country."

"This aid," he said, "could be put to better aid in a literacy program that would enable us to reduce our current 42-percent rate of illiteracy: more education, that is, and less weapons."

In another sector, a political leader was emphatic in stating that what the United States seeks is to have the Guatemalan and Honduran governments both rise up against that of El Salvador, and that is obvious from the enigmatic visits by William Bowdler and a high Pentagon official.

In still another, one student asked jokingly, "Why do we want all those bullets when we have no one to kill. "I," he continued, "would like to see that aid converted into plows, grub hoes, tractors, and so forth; but if it must be tanks, let them not kill people, let them destroy the "Roya."

Another student, somewhat more mature, in our opinion, said: "A country like Honduras with so much to be done could more appropriately use its national and foreign funds in development programs designed to integrate its peasants into the nation's productive scheme."

To eliminate ignorance through educational, training and health programs, with doctors and medical facilities in every region, requires a major capital investment, he said.

Lastly, a woman reporter said: "I think that if the United States is building up the Honduran army, it is to a great extent because the United States wants to use Honduras as a bridgehead to extinguish the struggle in which the noble Salvadoran people are now engaged, and because it wants to transform our country into a bastion of its interests in the Central American isthmus."

Military Adviser Calls Aid Necessary

San Pedro Sula LA PRENSA in Spanish 25 Feb 80 p 3

[Text] American military aid to Honduras--according to information revealed last Saturday by a spokesman for the government of the military junta--is intended to avoid communist infiltration into the country through the present pro-Soviet organizations in Nicaragua and El Salvador.

Radio commentator Gustavo Acosta Mejia, military adviser to the military triumvirate, said in the course of his daily comment, during a news program, that many compatriots are objecting to the granting of those loans, but that the aim of these loans is to prevent communist infiltration into our country.

Acosta Mejia emphasized that not all of the aid offered by the United States is programed for military expenditures, but that "most of the 319 million lempiras for 1980 is to be used for economic and social development."

Nevertheless, the adviser to the military junta government stressed that the country must have aid intended for the defense of our national security and territorial integrity, adding that there are neighboring sectors interested in infiltrating Honduras.

He stated that the Nicaraguan government and certain pro-Marxist organizations in El Salvador are receiving economic aid from the Soviet Union, and the Honduran government is only doing likewise in accepting U. S. military aid.

In view of the government adviser's comments, the reasons why our country has been visited so much recently by representatives of the Pentagon and high officials of the Carter administration are becoming clearer.

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CSO: 3010

BRIEFS

MILITARY HEAD SCORED--"The big military display that occurred in San Pedro Sula under the leadership of Colonel Gustavo Alvarez Martinez is the result of the strong psychological conditioning suffered by some business and military men, and of that official's interest in showing that he is the "bad boy" of the Honduran army. The foregoing statement regarding the latest events in San Pedro Sula was made to EL CRONISTA by political leader Alfredo Landaverde, a member of the Christian Democratic Party and an activist in the Honduran Patriotic Front. The leader added that "the unrest cited by Colonel Alvarez was really caused by him, by taking his troops out into the streets without any justification. A survey of the media clearly demonstrated this," he added, "for they all reported the event with surprise." He said that if the military strongman from Honduras' northern coast has proof that bombs and other weapons really do exist among the workers, he must make this information public. Landaverde demanded that Colonel Alvarez identify the supposed instigators of these disturbances, because if they really do exist, the military official can easily demonstrate "the truth of his arguments." In conclusion, Alfredo Landaverde, speaking in the name of his political organization, asserted that what actually exists right now is an enormous fear on the part of some conservatives of the obvious unification of the working classes and other sectors of the population that have been left out of the economic mainstream in past years. [Text] [Tegucigalpa EL CRONISTA in Spanish 23 Feb 80 pp 1, 6] 8631

CSO: 3010

'FSLN' WARNS 'MDN' AGAINST PROMOTING DIVISIVENESS

PA201937 Managua Radio Sandino in Spanish 0300 GMT 20 Mar 80 PA

[Text] The Sandinist National Liberation Front [FSLN] offers an exemplary reply to the divisive activities of the Nicaraguan Democratic Movement [MDN]. We intend to strive for the unity of all the people and defend it with the same tenacity that we replied with all our strength and energy to those who would create dissolution and anarchy, who deceive the masses with impossible promises and who boycott the rebuilding of our economy by decapitalizing businesses and trafficking with the people's needs. This was said in the official communique issued by the vanguard of the Nicaraguan people, the FSLN, in replying to the reactions and statements of the business sectors toward social and economic measures taken by the National Reconstruction Government.

Tonight Companero Commander Rene Nunez Tellez, secretary of the National Directorate of our vanguard, spoke during a news conference to Nicaragua and the world. Today now that our people's Sandinist revolution is in its triumphant 8th month, we greet the people of Sandino and read the FSLN declaration regarding reactionary activities, especially the elitist campaign by the MDN.

The following is a recording by Commander Rene Nunez Tellez: [words indistinct] today on the 8th month of our revolution. We want to say that the FSLN has shown a seriousness and [words indistinct]. We have confronted abuses, provocations, torture, repression and we have always clearly identified our enemies. We have also have clearly defined our allies, our friends and all those who have always been with our revolution.

Today we see that there are many interested in aborting this revolution [words indistinct] some forces are with this process in order to abort this revolution. They add more problems to the ones existing today. We are going to make an appeal to the various forces in the country, to act consistently to advance this process. We must be very careful not to fall into provocations which can endanger the unity of the Nicaraguans so we can advance our Sandinist revolution and confront the main tasks that the Nicaraguan people need.

Within this framework we shall read an official statement by the FSLN official directorate addressed to the heroic Nicaraguan people and the world.

In recent weeks there have been reactions and resentful statements by business sectors regarding social and economic measures taken by the Government of National Reconstruction. We must admit that for some, it is hard to understand how [words indistinct] Nicaragua without Somoziism, brutal exploitation and repression, demands great sacrifices and the giving up of privileges, without selfishness, and above all with a patriotic attitude. However, the fruits will be a lasting peace and stability, progress and national independence.

In the 8 months since the victory, it seems that in spite of the many problems, our country works in a climate of peace and permanent (?voluntary effort.) Even though we live in a climate of [words indistinct] destabilization and domestic conflict, emerge in the same regions [words indistinct]. The Sandinist commitment with our people [words indistinct] against undevelopment, illiteracy, misery and underdevelopment. The brutal exploitation and repression which have been imposed on the masses demand at the same time the installation of a system of broad participation which will guarantee the true practice of political rights of our traditionally neglected people.

Our steadfast intention to carry out essential historical changes has been expressed in the climate of unity always proposed by the FSLN. Unity and political pluralism find in the Government of National Reconstruction a living expression as represented in the creation of a patriotic front promoted by the FSLN and other allied forces.

In the economic field the national reconstruction program is obvious proof of the Sandinist intention of recognizing and promoting the participation of every producer and businessman who wants to work for the national ideals.

It is our intention to work for the dignity of all the people and defend it with all our strength. This makes us reject with all our strength and energy the divisive and anarchic sectors which seek to profit, deceiving the masses with promises which cannot be kept yet.

Those who undermine the economy and the reconstruction effort, decapitalizing businesses or speculating with the people's needs, have recently waged an elitist campaign organized by the MDN. Within this campaign we have noticed the existence of a series of propaganda resources which in their efforts to obtain popular support from various national sectors, distort the true history of the Sandinist revolution and the fundamental achievements made by the Government of National Reconstruction.

We do not question the MDN's right to wage a political campaign, especially since it is a new organization. However, we cannot abstain from our responsibility to watch over the revolutionary and political education of our

people, and to organize it around the main tasks demanded by the national reconstruction.

We warn that the MDN campaign has been waged on a matter in which the government has assumed an attitude to overcome the great economic problems inherited from Somozism. At the same time, U.S. reactionary sectors--now with the presence of the CIA--strive to prevent the economic aid of the U.S. people toward Nicaragua.

Meanwhile the Somozist enemy and the unpatriot bourgeoisie complete their plans to hamper the advance of our progress. For this reason, and because of our duty to watch over national unity of all responsible and democratic forces in the country, we warn about the danger of these attitudes. These positions can turn, without the intention of the MDN leaders, into an intermediary platform for the most reactionary elements which will surely lead this movement into a divisionist stance which we want the MDN to avoid with careful thought. [words indistinct] even though it be only to protect the political interests of this party.

The FSLN attempts by this communication to call for reflection for the sake of strengthening the national unity of the revolution. At the same time we ask the democratic and revolutionary people's organizations, which make up the broad Sandinist sector, to carefully analyze the situation of enemy provocations which seek to create future rifts within the revolutionary ranks and we urge an ideological struggle to foil the diversionist maneuvers of reactionaries and imperialists.

For a victorious revolution, free fatherland or death. National Sandinist Directorate.

CSO: 3010

'MDN' SEEN INFILTRATED BY ANTIPARTY ACTIVISTS

PA221802 Managua Domestic Service in Spanish 0330 GMT 22 Mar 80 PA

[Editorial: "Last Sunday"]

[Text] After the rally held at the sports stadium, where the Nicaraguan Democratic Movement [MDN] became a political party and made its political platform known, we made an editorial comment in which we analyzed several collateral aspects related to the establishment of the MDN.

We said that around and within the membership of the MDN present at the stadium there was a movement of certain interests which did not precisely have the best interests of the people at heart. We said this because some aspects of the rally evidently reflected this. For example, an evident gesture was the booing of the Sandinist National Liberation Front flag.

Our concern over such acts is not seen by us as representative of engineer Robelo's political personality, as some have tried to demonstrate, because we believe that many of the things which happened on that day will have been reproached by Robelo. We are certain, for instance, that both Robelo and the honest MDN members will not have agreed with that outrage against the sacred Sandinist red and black flag, a flag which represents the blood of thousands of the best Nicaraguan children.

Those individuals who discredited the MDN rally were the target of our commentary, those who maintained a tomb-like silence when the speaker mentioned the duties of the businessmen toward the state and the people and applauded exuberantly when the defense of the private sector's interests were mentioned.

We do not doubt the MDN's rights to become a party and pursue the policy most adequate to its objectives. What we do observe with apprehension and tried to reflect in last Sunday's commentary is that many individuals with a clear and known negative records should try to opportunistically take advantage of the situation and thereby turn the MDN into an instrument serving their interest to promote the most retrograde slogans.

We must all be prepared for that danger, the Sandinists as well as the MDN members, so that what can be a healthy political exercise for the Nicaraguan people will not become a vehicle for hate, backsliding or internal interference in addition to the disruption of the national unity and equilibrium which we need so much to reconstruct Nicaragua.

CSO: 3010

HEALTH VICE MINISTER QUILS 'MDN'

PA241235 Panama City ACAN in Spanish 1542 GMT 23 Mar 80 PA

[Text] Managua, 23 Mar (ACAN-EFE)--Juan Ignacio Gutierrez Sacasa, vice minister of health of Nicaragua, today publicly announced his separation from the Nicaraguan Democratic Movement (MDN) whose leader is Alfonso Robelo Callejas, member of the junta of the Government of National Reconstruction.

The resignation of Gutierrez--a well-known doctor in this country--from the MDN comes 2 weeks after this group became a political party. His separation also comes at a time when the MDN is circulating a message stating that the MDN "is not a temporary fortification for reactionaries."

The MDN was founded in March 1979 and became a political party on 16 March 1980 during a meeting in this capital.

In a note published in the Sunday issue of the daily LA PRENSA, Gutierrez states that he has broken with the MDN because of "my loyalty to the commitment which I have had from the beginning with our revolutionary struggle."

Meanwhile, the leadership of the new political party has stated in a message to its militants that the converting of the movement into a political party has resulted in "general enthusiasm" in the country. The leadership states that they are a party "that is not in the opposition; we are with the true revolution."

The MDN leadership also states that national unity in Nicaragua "can be based only on an effective pluralism which is built on equity, equality and mutual respect among the political forces that participate in our revolutionary process."

CSO: 3010

NICARAGUA

LITERACY CAMPAIGN TO DEVELOP POLITICAL AWARENESS

San Jose LA NACION in Spanish 17, 18 Feb 80

[Article by staff writer Guillermo Fernandez R.]

[Part I: 17 Feb 80, p 4A]

[Text] "Development of the political and ideological awareness" of the masses is one of the primary objectives of the national literacy campaign that will be initiated in Nicaragua in a little over 1 month from now.

The task of developing this awareness will be carried out "in accordance with the guidelines laid down in the program of the Government of National Reconstruction" and will have the assistance of the Cuban government of Fidel Castro, which will provide the largest individual contribution of any Latin American country. The largest contingent of teachers--1,200--has been sent to Nicaragua from Havana, where most of the literacy primers to be used in the campaign were printed. Others were printed in Costa Rica.

Using the results obtained from the campaign, the objective is to "dynamize the integrated development of the new Nicaraguan society and to eliminate--by raising the cultural level of the people--the causes of illiteracy and the evils it spawns." All of this is "intimately related to the objectives of the sectorial and national plans set forth in the government's program."

Millions of dollars will be spent--and millions of persons are expected to participate--in the implementation stage of the campaign, which will get under way on 24 March with the goal of "eradicating illiteracy once and for all" in that nation.

According to official plans, on that day some 200,000 Nicaraguans will assemble in the Plaza of the Revolution to shout out the declaration of war against illiteracy. "We are in a new war of liberation in Nicaragua," said Minister of Education Carlos Tunnerman, who lived in Costa Rica as a political exile until the day the Somoza dynasty fell.

The educational authorities anticipate that slightly more than 1.1 million persons--including the learners, the literacy instructors, the supervisors and the so-called technical and administrative cadres--will be involved.

Total Cost \$20 Million

Approximately 120,000 literacy instructors will teach some 900,000 illiterates over 10 years of age to read and write in a period of 5 months, at a total cost of \$20 million (172 million colones).

One of the justifications of the campaign (which is "dedicated to the heroes and martyrs of the liberation of Nicaragua") is founded on the hypothesis that "the programs of the revolution cannot be carried out effectively so long as the social factors which serve to hinder and counteract the revolutionary actions" of the government continue to exist in the nation.

One of these factors--"the heritage of 46 years of shameful Somoza history"--is the low educational level of the population. Together with the problems relating to health, nutrition and housing, it has been assigned top priority among the plans to be implemented in this stage of national reconstruction that has only just begun.

Many Illiterates

The percentage of Nicaraguans above the age of 10 who cannot read or write represents one of the highest indices of illiteracy in Latin America. According to the most recent census taken in Nicaragua (in 1971), 41 percent of the population 10 years of age or above live in a condition of the most complete ignorance as far as reading and writing are concerned.

Of a total population (in 1971) of 1,877,952 some 1,303,841 were over 10 years of age. Of the latter total, 529,255--41 percent--were illiterate. It should be pointed out that in the decade 1960-1970 the illiteracy rate averaged 50 percent.

This means that during the aforementioned decade one out of every two Nicaraguans could not read or write. The actual situation was unquestionably more serious, however, inasmuch as these figures did not include those individuals who had become "illiterates through lack of practice"--a term customarily applied to persons who have received instruction in reading and writing but after a time forget these skills.

If we look at the situation sector by sector the implications are even more serious. Of the aforesaid total population of 1,489,604 in 1971, 715,018 (48 percent) were illiterate. Of the urban population of 726,251, however, only 179,313 Nicaraguans (24.7 percent of the total population of illiterates) had not learned to read or write.

In the rural areas, however, 535,705 (70.2 percent) of the total population of 763,353 were illiterate. (Note that the population of Nicaragua was at that time almost evenly divided into rural and urban residents.)

In other words, seven out of every 10 residents of the rural areas were illiterate, whereas in the urban areas only two or three out of every 10 could neither read nor write.

Three Stages

The project was divided into three well-defined stages: organization, implementation and review. The plan was to carry out the first stage in approximately 8 months, and to initiate it shortly after installation of the Governmental Junta of National Reconstruction. This stage included, among other activities, a census of literacy instructors; social and linguistic research; the preparation and elaboration of the corresponding primers of reading and writing; and finally, the training of the 180,000 persons who would have the task of giving instruction in reading and writing.

The stage of implementation--which is now in the experimental phase involving pilot projects--will be inaugurated on 24 March and terminate on 17 August, according to official plans.

Those who are carrying out the task of teaching reading and writing will mainly be young secondary school students specially trained for the purpose. It is planned, however, to obtain the assistance of several thousand (3,000 or 4,000) instructors from other Latin American countries, inasmuch as Nicaraguan educators will be continuing their normal functions at the existing educational centers.

The majority of these foreign instructors, however, will undoubtedly be Cuban, for up to the present moment it is that country which has sent the only instructors (1,200 in number) that are currently in Nicaragua. Our country--which has to date demonstrated an interest in matching the Cuban presence in Nicaragua, especially with respect to the literacy effort--has still been unable to send even the 1,000 or 2,000 which it originally offered.

As has been reported, after a solution had been found to the problem of obtaining the funds necessary to meet the expenses of sending 100 or 200 retired teachers (funding was obtained from the European Economic Community), Nicaragua announced that it "would prefer" that Costa Rica send young teachers rather than the retired educators. Costa Rican authorities say it will be very difficult to honor this "preference," and as a result the question of our country's participation in the Nicaraguan literacy campaign remains to be resolved.

Financing

The total cost of the campaign--approximately 200 million cordobas or \$20 million (172 million colones)--will be defrayed for the most part "by donations from friendly governments and international institutions sympathetic to our revolutionary process."

One important fact is that the Nicaraguan Government will also be partially solving another problem: that of unemployment. The literacy campaign will provide employment for approximately 1,700 persons, who will receive in the form of wages 30 percent of the total cost of the campaign (approximately 60 million cordobas). Another interesting fact is that 200,000 boxes of chalk, 250,000 ball point pens and 10 million pencils will be required.

Nicaragua: Illiteracy in the Population Above 10 Years of Age, According to the Census

<u>Census Years</u>	<u>Illiterates (%)</u>
1950	65.2
1963	49.5
1971	41.0

Source: Censuses of 1950, 1963 and 1971

Human Resources Involved in the National Campaign

<u>Category</u>	<u>Number of People</u>
Illiterates	900,000
Literacy instructors	180,000
Central National Level ¹	186
Departmental Level ¹	314
Municipal Level ¹	1,260
Supervisors and responsible officials	27,000
Total	1,108,760

- (1) Includes the average number of persons comprising the literacy campaign committees.

Nicaragua: Illiteracy by Comparison with the Total Population and With the Urban and Rural Population (1971)

<u>Population</u>	<u>Population</u>	<u>Illiterates</u>	<u>%</u>
Total	1,489,604	715,018	43.0
Urban	726,251	179,313	24.7
Rural	763,353	535,705	70.2

Source: 1971 census.

[Part II: 18 Feb 80 p 4A]

[Text] Those Nicaraguans who learn to read and write in the course of the national literacy campaign in their country will have learned the alphabet by extolling the virtues of the guerrillas and the memory of "Che" Guevara.

They will do so by using literacy primers which make no mention at all of the Governmental Junta of National Reconstruction and on the contrary emphasize and promote a "valiant" and "faithful" image of the Sandinist National Liberation Front (FSLN), its Sandinist Defense Committees (CDS), its "revolutionary organizations," and the Sandinist Labor Federation.

Of the only three individuals who appear in the primer, two are Nicaraguans. Augusto Cesar Sandino and Carlos Fonseca Amador. The third individual is the Argentine, Ernesto "Che" Guevara. The two first-named persons appear at the beginning of the primer in full-page photographs, while the guerrilla who fought at the side of Fidel Castro in Cuba is referred to as "Che, the heroic guerrilla," a phrase which is to be written "in good handwriting" by the learner.

Instructional Exercise Books

All this is contained in the aforementioned literacy primers--the "exercise books for Sandinist reading and writing instruction"--which under the title of "The Dawn of a People" will be used by the Nicaraguan Government in its million-dollar National Literacy Campaign, dedicated to the "heroes and martyrs of the liberation of Nicaragua."

These primers are booklets of 126 pages of newsprint each measuring 19 by 25 centimeters, printed in black ink and with a title page of yellow cardboard on which a photograph appears depicting armed guerrillas silhouetted against the rising sun as they move along a trail.

Although most of these booklets were printed in Cuba, LA NACION has been informed by the Nicaraguan ambassador in our country, Edelberto Torres Rivas, that a certain quantity of the 900,000 required have been printed in Nicaragua and Costa Rica. The booklets are being printed in our country by two companies: Graphic Arts of Central America and Trejos Brothers Rotary Press Printing, Inc.

These exercise books for the literacy campaign will be used on a massive scale beginning on 24 March, at which time approximately 180,000 literacy instructors will begin their work of teaching some 900,000 Nicaraguans over the age of 10 to read and write in a period of 5 months at a total cost of approximately \$20 million (about 172 million colones).

They will be used in this literacy crusade, which will strive as one of its principal objectives for "the development of the political and ideological awareness" of the masses. In its effort the Nicaraguan Government will

receive assistance from the Cuban Government, whose contribution will be the largest made to Nicaragua by any Latin American country.

Socialist Language

Although the Nicaraguan authorities will undoubtedly deny it, there is no question but that Cuban technical experts or advisers have participated in the technical and conceptual preparation of these instructional exercise books.

The language generally employed in the primers can be regarded as "socialist" or "revolutionary" in character. It can be said to resemble the language used by the communists in our own country.

The instructional plan developed in these exercise books revolves around 37 words, which are included (and underlined) in the sentences that are used to teach writing and reading. The word most used is "revolution," but the 37 also include (among others) the following words: Fonseca, lives, liberation, genocide, masses, popular, defense, Sandinist, workers, are on guard, army, regain, land, war, illiteracy, plunder, nationalization, work, broad, people, brigades, exploited, integration, democracy, churches, and fraternal.

The exercise book consists of 23 lessons--each of which contains two or three exercises--and four passages designed for reading which appear at intervals in the book. Each of the lessons is based on a sentence containing one of the above-mentioned words, which are underlined in the text.

Each exercise consists of six steps:

1. The reading of the sentence.
2. The reading of the underlined word.
3. The separation of the underlined word into syllables.
4. The reading of the syllables.
5. The writing of the syllables.
6. The formation, and the writing, of words which combine the syllables that have been learned.

Some of the exercises call for dictation to be taken, "in good handwriting."

An Example

Exercise A of Lesson 1 says:

Let us read the lesson:

Sandino, leader of the revolution. (The word "revolution" is underlined.)

Let us read the words:

the revolution

Let us read the vowels:

a e o u i

Let us read and write the vowels:

a-e-o-u-i

Other exercises, however, call for separating the words into syllables: "Li-be-ra-cion." [Liberation] Sometimes a sentence is to be dictated: "The Sandinistas are brave." Or several sentences are to be written "in good handwriting": "The boys are brave"; "They fought with bullets and bombs"; or "The CDS are on guard day and night."

Some of the sentences with which Nicaraguans will learn to write and read are:

"The FSLN led the people to liberation."

"The guerrillas are defeating the Somocista guard."

"The masses rose in revolt."

"People, army, unity: the guarantee of victory."

"The Sandinistas are brave."

"The struggle continues."

"Now I know how to read and write."

The Passages for Reading

The primer is in effect divided into four parts by as many passages that are designed for reading. These are short texts made up of sentences (likewise short) dealing with subjects which can be regarded as fundamental to the aims of the Nicaraguan Government: austerity, defense, reconstruction, and the FSLN.

The text that deals with austerity says that "the nation has many debts. It has no money.... All this is the fault of Somocism Let us share the little that the Somocistas left...austerity is necessary." The text

that deals with defense says that "we are defeating Somocismo...we must defend ourselves from the enemies who want to snatch victory from us... ideologically, by unmasking those who are not fighting for the interests of the masses...economically, by sharing--with austerity--the little that Somocismo left us...politically, by participating in the mass organizations...militarily, by fighting at the side of the Sandinista People's Army."

The text dealing with reconstruction says to those who will learn to read and write: "We are fighting to build a Nicaragua that is free and where no one is exploited. This goal will not be attained in a single day; we must proceed step by step, by stages.... Let us support the entire reconstruction effort. Let us work in an organized and disciplined manner, with genuine revolutionary fervor."

Photographs

Two of the 27 photographs distributed among the pages of the primer are--as we have said--of Sandino and Fonseca Amador. The remainder depict armed and triumphant guerrillas; a guerrilla as he points his rifle at the back of a captured Somocista soldier; a march in protest against the former regime in which the participants are carrying placards alluding to the subject; a guerrilla giving water from his canteen to a little girl; women with their arms upraised; a priest talking with young people in front of a church; and other subjects.

Most of the photographs either accompany or explain an exercise in which the subject illustrated by the photograph is discussed. Other photographs depict the map of Nicaragua; the flags of the Republic of Nicaragua and of the FSLN, displayed side by side and at the same level; the map of Central America, in which the portion occupied by Nicaragua is highlighted; and a peasant embracing a guerrilla.

At the end of the exercise book one finds the national anthem of Nicaragua and the anthem of the FSLN, accompanied by a Ruben Dario poem ("Long Ago and Far Away"). The book closes with the Sandinist motto: "F is for incorruptible strength, S is for the sun of freedom, L is for unwavering struggle, N is for no retreat...."

10992

CSC: 3010

RAMIREZ SAYS BOURGEOIS CULTURE HAS FAILED

Managua BARRICADA in Spanish 28 Feb 80 p 3

[Speech by Companero Sergio Ramirez, member of the Government Junta, to the First Culture Workers Assembly]

[Text] Companero Commander of the Revolution Bayardo Arce, member of the national leadership of our vanguard, Companero Ernesto Cardenal, minister of culture.

This is, it is true, the first time that Nicaraguan intellectuals have been able to meet to discuss the future of the people's revolutionary culture in Nicaragua. I say intellectuals because in a poor country with great limitations such as ours, we the artists and writers have had the presumptuous tendency to restrict the term "intellectual" to writers and artists, but at this time we are trying to define precisely what role culture and the creators of culture, are going to play in this phase of revolutionary transition.

In Search of the Organic Intellectuals of Transition

Gramsci said, very accurately, that intellectuals and artists have always existed in any social context and that they have a certain autonomy, as if floating in a historic vacuum they had that possibility or that faculty of being present by themselves and isolated from the social and historical context in any type of society.

This would be, of course, the first temptation Nicaraguan intellectuals should resist, and placing their feet on the ground become aware that as the creators of culture, regardless of the social or historical context in which it has been our lot to create, they are exactly nothing more than the result of that same historical circumstance we have been privileged to undergo.

It is precisely as privileged members in a poor society, a backward society, a dependent society, that it is our first obligation to understand the needs of that society and the needs of the revolutionary change now being initiated in the midst of that society. I would like, since this is a matter of a discussion on the role of culture and the intellectuals in the revolutionary future of our country, to propose some ideas for that discussion, some ideas on what our most important concerns are on culture.

The Bourgeoisie Failed in the Creation of a Cultural Plan

First: while it is true, as Major Arce said, the revolution can never attempt to finally and completely bury the past, and in this case we are referring to the cultural past, we can say that the culture that was promoted by the ruling class in Nicaragua until 19 July 1979 is an unsuccessful historical plan, just as that same class failed in creating an authentic national system in the political, social and cultural aspect. Historical circumstances in which these groups developed, to speak only of the most recent circumstances, North American military interventions, the political and cultural imitation of North American political and cultural patterns, the intrinsic weakness of these ruling groups, which having a basically economic limitation reflected throughout the cultural and social structure, led to the failure of that plan. We could not say in any way that those groups were successful in creating a genuinely national culture here. There were genuine national cultural manifestations in Nicaragua, but not as a result of a truly dialectic struggle in the midst of this society between a culture of popular roots, which seeks to emerge, and a culture of elitist type which is above it and tries to crush it.

Perhaps, and to delve into the framework of this contradiction, the most obvious failure, and speaking more specifically about literature, of the literature of the ruling groups in Nicaragua, resides in the attempt to try to present the native as the highest manifestation of that type of elitist culture.

We Inherited an Elitist, Fragmented and Inorganic Culture

For a long time the native manifestations in narrative literature was used in Nicaragua as the highest expression of a false popular culture. When many so-called native writers used the subject of the Indian, the subject of the peasant in our country, they were always doing it from an eminently elitist point of view.

This means from the academic perspective of those who from their office or library go to that native world, that peasant world, that popular world, even through trickery and try to tell about it employing an artificial language, by means of a language filled with inventions, by means of a language which in no way expresses the reality of that popular world below them to which the very term "below" meant a real ideological position.

We are truly inheriting a fragmented, scattered, isolated culture from the past, a culture which is valuable because of individual manifestations, its isolated manifestations, when these manifestations acquire some importance, but we are not in any way inheriting a genuine cultural system, we are not inheriting an organic culture, an organized culture that can be a categorical reflection of that historic past to which the popular Sandinist revolution is putting an end.

The New Culture Should be Eminently Popular

Second: The new culture we must try to create in Nicaragua must be a culture of profound popular content; it must be a culture eminently popular because we must oppose a new concept of popular culture to the old and outworn concept of elitist culture which we have undergone up to now and to which up to now we have in one way or another been subjected. And when we speak of a concept of an elitist culture, we are not saying that this elitist culture was in the past of Nicaragua a culture that was noteworthy because of its excellence. On the contrary, even though it was elitist, it was a poor culture because it tried to recycle itself, to feed on itself, most of the time ignoring the enormous source, the inexhaustible source which permanently nourishes every culture. What I mean is that generally the popular dimension was absent from our culture in the past. In this respect we must fight one of the most notable drawbacks that every elitist culture has, which is that it says that popular involvement in a culture means its contamination, by contamination meaning the removal of that culture from the elitist framework surrounding it. On the contrary, today we must prove, we must demonstrate, that culture must be created on an eminently popular plane; that culture must necessarily have to do with the national situation; that it necessarily has to do with the life of the country. To the degree that culture reflects life, to the degree that culture pictures reality and is nourished by life and reality, it will necessarily have to be a revolutionary culture. That elitist concept of culture, that isolated concept of culture, that affected concept of culture is the one we must learn to defeat, opposing to it the true concept of popular culture in Nicaragua.

To mention only one case, after 19 July the popular poetry workshops which have been organized in Nicaragua and which reflect a poetry by young fighters, poetry which is many times anonymous, poetry written about daily experiences and about reality, have produced works of literary creation which are much more important than those produced by the elitist dilettantes during all the history of our national culture. This is a phenomenon to which we must pay much attention.

Culture Must Accomplish its Political Function of Revolutionary Change

Third: We cannot restrict the concept of culture to individual creation alone, to the individual act of creating, rather we must take culture in its complete meaning, in all the complex of social relationships and political relationships culture has.

Within this old elitist concept they taught us about culture in our country, was rejection of the contamination of culture by politics. An isolated cultural concept was established as if politics were capable of contaminating culture. On the contrary, culture is also a political function and must exist as a political function, which means as a revolutionary function of transformation that enters into the entire process of transformation of our society.

We could never accept the existence of a culture isolated from the revolutionary process, the existence of a culture enclosed in a crystal ball while all society is subjected to this revolutionary process which after all must be undertaken by a new society.

Intellectuals in Transition

It is for this reason that we intellectuals, writers and artists must know how to place it within this process of transition; must know how to play our role during the transition and realize that it is also a matter of an internal change in us, a change in mentality, a change in attitude, a change in our view of the world. We are the possessors of a number of tools of expression which have been used in the past in certain ways in keeping with the dominant composition of society. We are not going to infer that in order to have a new culture we are going to eliminate all the creators of culture who were active during that past era and are going to improvise new creators of culture. It is the Nicaraguan intellectuals themselves, whether or not they were committed to the revolutionary process, who are now obligated to commit themselves; those who were even more involved in the revolutionary process and those who were not involved in that revolutionary process, must now enter into it so as to participate in this cultural but basically political, economic and social period of transition our country is undergoing at this time.

A Genuine Culture of Quality

Fourth: Revolutionary culture, because it is a revolutionary culture, cannot cease to be a genuine culture, a culture of quality. If we are speaking of the role culture must play within the revolution, the role that the creators of culture must play within the revolution, we must understand that the principal instrument of the cultural creator is his originality, his authenticity; it is the quality of his intellectual work, the quality of his artistic work, the quality of his literary work.

At the moment that we make the concession that because it is a popular culture, a revolutionary culture, an open culture, all standards of quality, all standards of authenticity must be abandoned and that every popular culture must be expressed by pamphleteering and easy expressions, or that we are denying that which is a true popular culture, we are falsifying the meaning that a popular culture must have. It is precisely because it is revolutionary that it has to make new contributions; it has to make genuine contributions; it has to be a revolutionary culture in itself, capable of transforming the limited inheritance we have received from the culture of the past and of multiplying the possibilities of popular culture in our country.

The Challenge: A Cultural Revolution

From this original multiplication **derives** our ability to exhibit a great revolutionary culture in Nicaragua to the world in coming years. It is not simply a matter of improving the scant inheritance we have received from the past but rather that of multiplying a number of up-to-now hidden possibilities, a number of up-to-now unexplored possibilities, of producing a real cultural revolution in Nicaragua, which will have to be based within that popular dimension so necessary to the conception of a new culture in our country.

A Culture With a Universal Dimension

Fifth: The authenticity of a revolutionary culture cannot be resolved by us within a strictly national framework. It would be a serious error to try to make our defense against imperialist cultural penetration, our defense against cultural alienation which comes from abroad, a withdrawal within our borders and say that we are going to resolve the authenticity of our national culture through the native, the folklore aspect.

While it is true that we must first establish ourselves in the national aspect, that as an action and reaction we must establish ourselves on our national dream, on our own historical values, on our own cultural values, on our own revolutionary values, and on our own popular values, it is also true that our culture has to look out toward the world because we cannot conceive an authentic culture by promoting an isolated culture. It would be very easy to say that we are going to be anti-imperialist, that we are going to be authentic, that we are going to be revolutionaries and nationalists by simply closing our eyes to the world and being afraid of contaminating ourselves at each step of any type of cultural penetration.

The world dimension of culture is essential for the development of every cultural process. The error of the elitist culture in the past was that of looking abroad first, of looking to see what was coming from abroad. It was that culture placed on its knees by the same metropolitan ideological mechanisms which forced the writer, artist and intellectual to first visit a museum in Paris or New York to learn what he was going to paint here, what it was that was in vogue abroad, what the narrative techniques were, what was in vogue in the metropolis, without thinking that the most authentic form of cultural expression is the nourishment of ones own roots and then looking abroad. As long as we do not obtain that Nicaraguan national linkage, that popular linkage in the real and creative dimension of our own people, our own country, our new reality, we shall not have the training, we shall not have enough determination to project ourselves into the world and receive from that world.

Culture Workers Must Organize

Those are the main contributions to the discussion I wanted to make to you this morning and I wanted to say, finally, that the creators of culture in Nicaragua, those we could call the workers of culture, not only the individual creators, the poets, painters, sculptors and musicians, but also the companeros who work for culture, those who today in the new Nicaragua we call the promoters of culture; the people who up to now have been trained, although precisely with certain necessary tools for disseminating and broadcasting culture at a national level, all this group of culture workers has to have a political dimension in our revolution, a dimension of political participation. This is another of the basic links and the writers, painters, sculptors, artists and intellectuals in general, outside their own creative work, outside their own work of creation, must have a political participation in our revolution, which is a way of being connected to the revolution. Just as all the workers in general in Nicaragua have their own trade union organizations, their own union organizations, the workers of culture in Nicaragua, the creators of culture in Nicaragua, must have their own organizations so that in this way they may join in the revolutionary process and also contribute politically to the Sandinist Revolutionary process. Fatherland or death!

8908

CSO: 3010

ROYO INTERVIEWED BEFORE GOING TO JAPAN

PA221448 Panama City TELEVISORA NACIONAL in Spanish 2315 GMT 21 Mar 80 PA

[Excerpts] This morning President Aristiden Royo and his wife, Adela de Royo, left for Japan accompanied by an official retinue of 11 persons.

President Royo is accompanied on his 4-day visit to Japan by Blas Celis, president of the Assembly of Corregimiento representatives, Foreign Minister Carlos Ozores, Treasury and Finance Minister Ernesto Perez Balladares, Commerce and Industries Minister Juan Jose Amado, Edwin Fabrega, Director of the Institute of Hydraulic Resources and Electrification, Free Zone Manager Jose G. Montenegro, Marcos Fernandez, Executive Secretary of the National Economic Council, Eduardo Morgan, Extraordinary and Plenipotentiary Ambassador on Official Mission, Presidential Adviser Eli Abbo, Boris Moreno, Chief of the Presidential Information Office, and Capt Teodoro Alexander, Presidential Aide de Camp.

The trip will be covered for TELEVISORA NACIONAL by our views director, Mario Velazquez, and a technical team composed of Antonio de Sedas and Jorge Batista.

Shortly before he boarded his plane, TELEVISORA NACIONAL obtained an exclusive interview with the president of the republic. It went as follows:

[Being recording] [Passage omitted] [Question] Mr President, after your last trip to the United States in February, there occurred a number of increases in the price of staples and other articles which have kept people constantly worried. My question now is whether your trip to Japan will be followed by other increases.

[Answer] The price control office, the ministry of commerce and industries and the government have been considering the matter of potatoes, salt, sugar and cement and certain other products which may be affected by the rise in the cost of oil. We have also considered the matter of wheat and bread. These studies are underway and in time the resolutions reached by the price control office in this regard will be announced to the public.

[Question] But not after your trip to Japan?

[Answer] No. I cannot see the link between a trip to Japan and the price increases.

[Question] Mr President, would this be a part of what you will tell the people on 1 April?

[Answer] On 1 April, we will say some things. Of course we will speak of the economic situation.

[Question] Mr President, the price and wage commission has been the pertinent authority on this subject. Nevertheless, in the recent months we have spoken only of prices. When will we speak of wages?

[Answer] On 1 April.

[Question] Mr President, finally, and to be abusive of your patience...

[Answer] No, you are not being abusive.

[Question] We would like to know the basic objectives of this trip to Japan. We compare it, for example, with the case of Costa Rica, where President Rodrigo Carazo was told that there are internal problems too urgent for him to be planning a trip abroad.

[Answer] The thing is that in Costa Rica, there is only one political prisoner--President Carazo. Happily, there are no political prisoners in Panama. We feel that the trip to Japan is an important trip. First of all, it is in response to an invitation extended a long time ago by Emperor Hirohito and Prime Minister Ohira.

Second, it is an authentic working trip. That is why the official delegation includes political and technical representatives. It has a technical job to do. For the first time Panama will be receiving technical assistance and economic support from Japan. This is in itself an important matter. This will be settled during our visit.

As regards the plans and the specific achievements of the trip, I would sincerely prefer to tell the country about them when I return from Japan.

[Question] There is perhaps another pending matter, Mr President. It is the case of Mohammad Reza Pahlavi. A technical and professional problem has arisen between the doctors of our country and Dr Debakey. We would like to know whether, in his condition, the Shah could freely leave Panama to receive medical attention in another country?

[Answer] I do not think that things should be viewed in that manner. I would say that Mr Reza Pahlavi has sought medical attention in Panama. He will receive it at the Paitilla Clinic. We feel that our medicine is really good and that he should be treated here.

I would like to take this opportunity to congratulate the doctors at the Paitilla Hospital, the Panamanian doctors involved in the case and the health authorities, who have been firm in this case. They have recognized Dr Debakey's medical prominence, but they have also said that medicine in Panama is practiced by Panamanians.

[Question] Nevertheless, Mr President, there is one little matter. Could Mr Reza Pahlavi leave Panama whenever he wishes?

[Answer] We have already made statements on that subject. I would also like to tell you an anecdote on this but, there being so many internal problems, why do you continue to be so concerned about the Shah?

[Question] Because, unfortunately, he has also been a part of our country in the past 3 months.

[Answer] [Laughter] I understand. I would like to say that on 1 April we will address the nation and we are going to tell the country some things which we consider to be important, in different areas.

[Question] Including political matters?

[Answer] Including political matters.

[Question] Does it have anything to do with the Constituent Assembly, Mr President?

[Answer] We will talk on 1 April. [end recording]

CSO: 3010

CALDERON BERTI DISCUSSES PDVSA-MINISTRY RELATIONS

Caracas RESUMEN in Spanish 16 Mar 80 pp 7-19

[Interview with Energy and Mines Minister Humberto Calderon Berti, by Jorge Olavarria; date and place not given]

[Text] Calderon Berti's importance is twofold. He is the most prominent minister in the Herrera government, and he occupies the cabinet post of the greatest and most vital significance and import to the country. Both factors are quite adequate to prompt our editor, Jorge Olavarria, to converse with Minister Calderon regarding the major oil-related issues. The additional income, the Orinoco Strip, the relations between the main office (Venezuelan Petroleum), the operators and the ministry, the price of gasoline and OPEC are discussed herein by Humberto Calderon with a consistent clarity which (unfortunately) is more the exception than the rule in Luis Herrera's cabinet. RESUMEN recommends a careful reading of this far-reaching conversation, because it contains a depiction of Venezuela's economic future that we do not hesitate to call encouraging.

Jorge Olavarria: There has been a debate recently on the matter of the additional income resulting from the oil price hikes. That "additional" income has not yet reached the government itself, and it is estimated at between 20 and 30 billion. Could you tell us the actual size of that additional income?

Humberto Calderon Berti: What has happened is as follows: Last year, there were several oil price hikes, the last of which occurred on 14 December 1979. We made several changes in the export rates. The government income bears a close relationship to the setting of export rates, the figure used to determine the revenue, which is where the government income originates. After the last oil price hike which occurred in December, we made a change in the export rates to use them for purposes of government income for 1979. In 1979, we left Venezuelan Petroleum 12 billion bolívares as the company's share, and the government received approximately 37 billion bolívares. The income for the country is obviously the combination of the two. We have not set new export rates for 1980. If oil prices remain at the current level, and if they do not change, which is rather unlikely, it is possible that they may change during the year....

Jorge Olavarria: Downward?

Humberto Calderon Berti: I think that they might stabilize and show a rather slight upward trend if the political conditions in the world do not change greatly; because there is also the uncontrollable factor which is the political issue: if Iran becomes stabilized, if Iran's production stabilizes, the market must stabilize. As for prices during the second half of this year, we have not yet decided on the distribution of the oil income for 1980. In the draft budget which was submitted in October, we estimated government income at about 34 billion bolivares for 1980, and 12 billion bolivares for Venezuelan Petroleum. Now, with the substantial increase that has occurred since the draft budget was submitted, a new formulation of export rates will have to be made. We have not hurried very much about that.

Jorge Olavarria: Roughly, how much would it amount to?

Humberto Calderon Berti: I think that, if the status of the current prices continues without change, an additional 20 billion bolivares should enter the country, not as government income.

Jorge Olavarria: But when you talk about the "country," to what are you referring?

Humberto Calderon Berti: It is a combination of what the government income might be plus the income of Venezuelan Petroleum.

Jorge Olavarria: All together?

Humberto Calderon Berti: Yes, because if we tell Venezuelan Petroleum that we are going to leave it the same amount that we set in the draft budget, that is, 12 billion bolivares, then we must change the export rates in order to obtain as government income all the additional money that enters, in other words, 20 billion. If we decide that, instead of 12 billion for Venezuelan Petroleum, there should be more, then the government income would be a little less, to compensate for the additional amount for Venezuelan Petroleum; but that has not been decided on yet. Now what has, indeed, been decided, and we have mentioned it on constant occasions, is this: The national executive branch will guarantee the income that Venezuelan Petroleum requires to carry out its investment programs; because Venezuelan Petroleum's financial needs are sacred to us. As of 31 December 1979, Venezuelan Petroleum had a reserve fund of 20 billion bolivares, and I requested it to submit to us a series of financial requirements for the next 5 years, so that the government's share would be geared to the needs of the oil industry, and not the opposite. Hence, what Venezuelan Petroleum needs to implement its investment programs has been guaranteed, and the rest will be government revenue.

The Orinoco Oil-Bearing Strip

Jorge Olavarria: Well, what you have just said is very important, and I think it has a given name and a surname: Orinoco oil-bearing strip. What can you tell us about it? What is the amount of the investment in that area? What is its timetable? What is expected of it? What has been obtained to date from the wells that have been drilled in the area?

Humberto Calderon Berti: I would say that the policy which we have established with regard to the Strip is perhaps one of the most important aspects of this government's national oil policy. The Strip was traditionally an area about which nothing could be said. It was an area concerning which an entire myth had been established and created: that it had to be kept for future generations. Our reasoning from the beginning of the term has been that, in order to make the Strip available for future generations, the programs must be undertaken now, in order to ascertain what it really possesses, to determine the size of its resources and to measure its reserves. Of course, once all this has been gaged, it will be necessary to develop technology which will not only make it feasible to produce the crude, which is very heavy and which flows with great difficulty, but will also afford us technological development enabling us to refine it; because it has a high metal content, and this is the most serious problem of the Strip from a technical standpoint. Now, why do I say that the new policy, the new concept regarding the Strip is important? Because, in my opinion, we have been pursuing a production policy which is at odds with the nation's actual situation; because we have been maintaining very high production rates, depleting the reserves of medium and light crude, which are the ones that we have the least amount of, and attempting to preserve for the future the heavy crude resources which are the ones that we have the most of. What have we established as a new policy?

Jorge Olavarria: Does this imply that you are starting with the presumption or the knowledge that the Orinoco Oil-Bearing Strip is actually a bituminous strip, as it was called formerly? In other words, is that so, or is light petroleum being discovered in the area?

Humberto Calderon Berti: It is not a "bituminous" strip, because bitumen means something different. Bitumen is, for example, what exists in the sands of Atabasca, in Canada; in other words, sand saturated with petroleum, which is obtained through a mining process: The saturated sand is washed and then the petroleum is removed. This is not the case with us. It is conventional petroleum which does flow, and for which wells must be drilled. This is not so there; there, the sand is removed by an excavator, that sand is washed and the clean sand settles, while the oil is removed elsewhere.

Jorge Olavarria: But is the oil heavy? Or is there light oil?

Humberto Calderon Berti: It is heavy. But what is logical? Let us try to preserve what we have the least of! What do we have the least of? Medium and light crude. Thus far this year, we have cut production by 108,000 barrels of oil per day; and we shall attempt to achieve additional crude production from the Strip. But, in order to give an idea of how important the Strip is, the financial requirements that its research and development will entail and the magnitude of the human effort that will have to be expended, I shall cite only the example of the southern part of the state of Monagas. We have assigned responsibilities in the Strip to the four operating companies. (See map.) They are not the same for all. We have assigned the southern part of Monagas to LAGOVEN, which is the company that has had the most experience in the area, one which has, primarily, received the responsibility for measuring the resources that we have there, and for carrying out a project, which we call Project "Cerro Negro," involving production within 8 years amounting to 300,000 barrels of oil per day, in addition to the 80,000-100,000 barrels per day currently being produced there, of which 125,000 barrels would be improved crude. In order to accomplish this, there will have to be an investment of approximately 16 billion bolivares in that area, so as to achieve a production of 300,000 barrels per day and, of that amount, to improve 125,000 barrels per day. What does it mean to improve 125,000 barrels per day? Since the crude has a gravity ranging from 8 degrees API to 14 degrees API (highly viscous), we must reduce the viscosity of some of that crude and improve its quality. And we intend to bring it to 30 degrees API, which is a light crude, so that we can mix that light crude with the heavy crude, and transport it, and so as to remove it more easily. As I said before, this represents an investment of 16 billion bolivares over a period of 8 years.

Now in the southern part of Anzoategui, we have assigned responsibilities to the MENEVEN company.

Jorge Olavarria: For LAGOVEN alone, 16 billion in 8 years, and for an additional 125,000 barrels....

Humberto Calderon Berti: In 8 years, in southern Monagas....

Jorge Olavarria: Will Venezuelan Petroleum, of itself, have 12 billion this year?

Humberto Calderon Berti: It received 12 billion bolivares in 1979.

Jorge Olavarria: Does that include all the companies?

Humberto Calderon Berti: That includes all the companies, because the entire financial situation is consolidated in Venezuelan Petroleum. Now, as of 31 December 1979, Venezuelan Petroleum had deposited 20 billion bolivares in banks in Venezuela and abroad. And now, this year, if the situation does not change, it will receive an additional 12 billion. To be sure, it has some investment programs, and those investments will have to be taken from there.

Jorge Olavarria: In other words, according to your assessment, is Venezuelan Petroleum a financially sound company which has sufficient muscle to undertake the very great task that is facing it?

Humberto Calderon Berti: Absolutely. I think that when the "Organic Law Which Reserves the Hydrocarbon Industry and Commerce for the State" was passed, the lawmaker was very wise when he took the precaution of including an article which said that 10 percent of the operating companies' exports had to be turned over to Venezuelan Petroleum, to make up its reserve fund.

Jorge Olavarria: Has that been done?

Humberto Calderon Berti: That has been done.

Jorge Olavarria: I would remind you that there is another law associated with the problem of the "additional income" (which is the typical problem of the oil-producing countries, of not knowing what to do with the money). There is also another law, namely, the Law on the Investment Fund; but that law is a piece of buffoonery (not "buffalo," but "buffoonery"); because what was stipulated for an "investment fund" has not actually been implemented. Won't the same thing happen in the case of Venezuelan Petroleum?

Humberto Calderon Berti: No! Of course not! I think that the country understands very clearly that it has no industry as profitable, or with a profitability remotely resembling that of the oil industry.

Jorge Olavarria: Is every investment that is made in that area justified?

Humberto Calderon Berti: And the income return that it produces is on a very high level.

Jorge Olavarria: The greatest income return in the oil industry is in petrochemicals, and that is the largest of the pies....

Humberto Calderon Berti: A great effort has been made with regard to petrochemicals; unfortunately, that industry came into existence very badly, and started badly, owing to problems of an ethical, moral and political nature. Political scheming often occurred in the operation of the petrochemical industry; there was a general politicization; and it actually grew unsatisfactorily. During the past 2 years, a quiet effort has been under way, without much fanfare; and I have a report that is important: By 31 December 1979, for the first time in a great many years, all the petrochemical plants were operating. We hope that, this year, the losses in the petrochemical industry will be cut to half of what was lost in 1979; in other words, about 250 million bolivares. We are not yet filled with gratification; we cannot claim to be satisfied. But if the plants' production becomes stabilized, and the effort that is being made is very intensive, this will mean income from product sales. What was the problem in the past?

The fact that the plants were not producing. The operating costs have been cut, unnecessary expenditures have been reduced, and we have a level of spending; what is needed now is that the plants be in operation, producing to offset the expenses and providing profits. God willing, I think that this will occur during 1981.

Jorge Olavarria: Returning to the conversation that we had concerning the Orinoco Oil-Bearing Strip, you said that LAGOVEN had been assigned the southern part of the state of Monagas, with a sum of 16 billion bolivares over a period of 8 years.

Humberto Calderon Berti: In the southern part of the state of Anzoategui, the responsibility has been assigned to MENEVEN, which is charged with measuring and exploring the area, and at the same time achieving between 50,000 and 100,000 barrels per day of product over the next 5 years, and removing it through the pipelines that it now has in that area. The southwestern part of Anzoategui and the southern part of Guarico are shared by two companies, namely, MARAVEN and CORPOVEN, firms which are only responsible for exploration. What is our ambition? We think that, by the end of this term, we can have the resources which we possess in the Strip measured.

Jorge Olavarria: And why is only the responsibility for exploration given, which is the most risky and most expensive aspect?

Humberto Calderon Berti: Because this is the area that is least known. The areas best known in the Strip are in southern Monagas and southeastern Anzoategui, which is where the MENEVEN company has been operating. We know very little about southwestern Anzoategui and Guarico. We do not want to proceed to devise production programs until we have evaluated the resources. There will be no production in that area; there are no facilities for production. Once we have evaluated the resources, we can instruct some company, or authorize some of the companies to carry out the programs. This is really important, and we hope that, by the end of this term, we will have an assessment of the resources in the Strip. But, what I can say is this: The exploratory work that we have done to date indicates that the resources in the Strip are substantially larger than what we had estimated at first.

Jorge Olavarria: Could you give us a few figures?

Humberto Calderon Berti: Of the 242 wildcat wells which we shall drill throughout the country this year, 192 are in the east; and, of that number, about 150 wildcat wells are in the Strip alone. This is the greatest exploratory effort that has been made in Venezuela during the past 20 years, the one that we shall be making in 1980. We believe that the resources in the Strip may exceed the initial figure of 700 billion barrels of oil on site which was estimated in 1967 and in subsequent studies.

Jorge Olavarria: Could we possibly have a billion barrels of reserves?

Humberto Calderon Berti: We might have that much. I do not want to make judgments in advance.

Jorge Olavarria: How do these oil reserves compare with those in the other oil-producing areas of the world, and their proven reserves?

Humberto Calderon Berti: If we consider 700 billion barrels of oil a good initial figure, and we have the capacity to produce 10 percent of that oil with the present technology, the country's reserves would be increased by 70 billion barrels. We must not forget that the current reserves total 20 billion; in other words, the reserves would be multiplied by five. Those of Saudi Arabia, for example, are about 200 billion barrels. But we must not forget that all this is contingent on technological development, and that as we achieve greater technological development and greater experience in producing this type of crude, which is abundant in Venezuela, through our operating companies and our research center, INTEVEP [Venezuelan Institute of Petroleum Technology], as we achieve this technological development, we shall be able to increase that recovery factor.

Jorge Olavarria: That is the great technological challenge. To what extent can Venezuela contribute anything new or, in this regard, will it be necessary to bring in technology from abroad?

Vanadium

Humberto Calderon Berti: From a technological standpoint, there are two things involved in the operations in the Strip. One is the production of petroleum from the Strip. Venezuela has accumulated experience that I would call, without any exaggeration, on a par with that of any nation in the world in the area of technology for the production of heavy crude. We have operating companies such as MARAVEN, to be specific, which has had very good experience in this area, and other operating companies have it also; so we have considerable experience in the production of heavy crude. That is why one is often surprised when the press states that technology must come from somewhere, from some European country or the United States; because there is a great deal of good native experience in the area of production. The most serious problem in the Strip lies in the high metal content of the crude. For example, conventional American crude has between 40 and 60 parts per million of vanadium, while the crude from the Strip has 10 times more: it has between 400 and 600 parts per million of vanadium.

Jorge Olavarria: Now I suppose that to extract petroleum in order to remove vanadium must be nonsense, but since the removal is going to take place anyway, I suppose that vanadium is a rather valuable by-product.

Humberto Calderon Berti: It is valuable, but there is no suitable technology for extracting it.

Jorge Olavarria: It does not exist?

Humberto Calderon Berté: Well, a technology does exist. We shall use the kind that exists, but it is not yet the best, in our judgment. What is the problem posed by the vanadium content? This is perhaps a highly technical explanation, but it would be worthwhile for the population to know about it. In other words, the vanadium is not "suspended" in the crude, as one might think. That is not the case. The vanadium atoms are "tied" to the molecules in the hydrocarbons. The whole "trick" consists of breaking the molecular structure in order to separate the vanadium. What happens when that type of crude from the Strip is loaded in the conventional refineries? The refinery towers have inside of them elements called "catalysts," the job of which is to accelerate the conversion reactions that are occurring, to achieve them in less time and under less stringent conditions of pressure and temperature. When crude of this type is loaded in a refinery, it "poisons" the catalyst and covers it; the vanadium is deposited on the catalyst, covering it, and producing the phenomenon known as deactivation of the catalyst. The catalyst loses its effect, and then has to be removed and replaced. Now what are we working on with Germany and Canada, and on our own at our research and development center, in INTEVEP? On an attempt to produce a technology which will make the utilization of vanadium feasible and at the same time will make it possible to refine the crude with a high content of this element. To date, the most highly developed technology in this area is the "flexicoker" technology, which is a relatively new one.

It is what we are using at the Amuay refinery, a technology which makes it possible to break the molecules by means of "thermal" cracking. That technology is perhaps the best that exists at present, but it is not optimal; therefore, a great research effort is needed. What is the basis for the policy on heavy crude? The technology is developed as a result of a need that occurs at a given time. If you do not have crude with a high metal content on the market, you do not have the problem to deal with. What have we proposed? We shall produce heavy crude with a high metal content, so that once it is on the international markets, the industrial powers in the world will make investments in an attempt to develop a technology which will make it feasible to refine that type of crude, and we shall take advantage of that technological development. So, the forcing of this type of crude on the markets is what will contribute to technological development. There is an entire strategy relating to this goal: We are placing increasing amounts of heavy crude on the markets and, in order to place those amounts in the new sales contracts, we are forcing our customers to take heavy crude, using the light and medium crude as a lever for opening the door to the heavy crude. Secondly, we have a price policy that offers an incentive for the use of heavy crude; because, although it is a fact that we have been raising the price of crude, the increases in the case of light and medium crude have been greater than those for heavy crude. Obviously, this policy will not remain the same forever. But, at the present time, there must be a policy of incentives to develop the market; because the market does not develop overnight. The market demands time, it demands conditions and incentives, and that is what we have been trying to provide.

The Domestic Market

Jorge Olavarria: There is something puzzling when one examines the Venezuelan oil situation as a whole. One discovers a very great inconsistency between the fundamental principles of conserving oil as a non-renewable natural resource which must be kept for the future generations and the consumption of which as an energy source must be limited, and the underselling of that same oil, which is likewise non-renewable, when it is consumed domestically. The engines used in Venezuela are large, and the waste of energy in Venezuela is enormous. The other day, I heard the minister of planning give the figure on the consumption of fuel to generate electrical power in the central zone of Venezuela, which appeared huge to me: the central plant consumed 50,000 barrels per day. This is a country with a remarkable hydroelectric potential; it is an absolutely unpardonable crime which can only be committed because those 50,000 barrels per day are paid for at a completely fictitious price, which bears no relationship whatever to the real price of oil in Venezuela. In other words, we Venezuelans are devouring ourselves with a domestic market which is not based on the economic reality of oil, and which is inconsistent with the principles that we use as an argument abroad to persuade the highly industrialized and developed nations to consume less oil, and to do so in a more rational and less wasteful manner.

The price of gasoline is one of those factors, perhaps the most important one, and unquestionably the one which could have the greatest effect and the greatest political and economic repercussions; but the entire matter of the domestic consumption of hydrocarbons in Venezuela deserves to be treated in a courageous, determined and possible manner, which will surely be unpopular. What do you have to say in this regard?

Humberto Calderon Berti: I would say that this is the greatest problem facing the Venezuelan oil industry at present. And of course, it is not limited to the latter's responsibility, but rather transcends the bounds of the oil industry to some extent. The situation has been showing up in the growth of the domestic market. The increase in the demand on the domestic market has been dramatic. For example, we have some recent figures: During 1977-78, the increase in gasoline consumption amounted to about 14 percent per year. It stood traditionally at from 6 to 7 percent. Last year, 1979, there was a slight reduction to about 10.5 percent; in other words, there was about a 3 percent decline in the increase of demand. But, on the other hand, there are products the consumption of which has increased greatly; for example, that of diesel increased 30 percent last year. What is the reason for this? This is due to the fact that we have maintained a consumption pattern in the domestic market which has been erroneous, in my opinion. In the first place, insofar as gasoline is concerned, we lack mass transportation systems in the large cities. What we are doing here in Caracas with the construction of the Metro should be imitated or followed in all the large cities of Venezuela. We have begun talks with the Ministry of Transport and Communications in this regard, in an attempt to establish mass transportation systems.

It is important that mass transportation systems be established in the cities. The second aspect of the transportation policy that we must adopt of necessity is an automotive transportation system which is less wasteful and which is aimed more at conservation. For traveling in the city of Caracas, or for traveling in any Venezuelan cities, there is no justification for having eight cylinder vehicles which we use to transport ourselves at 10 kilometers per hour.

Fortunately, there is an automotive policy committee headed by the deputy minister of energy and mines; because the Venezuelan automotive policy had traditionally related to the metal-machinery problem.

Jorge Olavarria: it is the same pattern as in the United States, which has now become an essentially energy problem.

Humberto Calderon Berti: That is so. We are making a change now. Why? Because 8 years ago the energy problem was secondary! At present, the fundamental problem is energy. We are seeing smaller and lighter cars; and the technology is progressing in this direction, not only the European technology, but the American technology is progressing toward the small vehicle with many aluminum parts, including an entirely plastic outer part. The incorporation of plastic into the making of a strong light vehicle will reduce the consumption greatly. I think that we in Venezuela need to head in this direction.

But, turning to the other side, there is the question about the generation of electricity, the question about the central plant and the expansion at Tacoa (which are the major consumers of residual fuel in the central part of the country). This is due to reasons of a strategic nature. It is a fact that we must continue to develop our electrical resources. In the Guayana region, for example, there is a hydroelectric potential equivalent to over 350,000 barrels of oil per day, or possibly more, that needs to be developed. For strategic reasons, we cannot depend 100 percent on the hydroelectric generation from Guayana, and a certain volume of electricity has had to be generated thermally in the central part of the country; which is what has been done. In the matter of prices, I am not among those who ardently believe that an increase in fuel prices on the domestic market will reduce our demand substantially. The demand is very inflexible. It has been proven elsewhere in the world that the price of fuel increased perhaps 10 times and the demand did not decline; and the increase in demand was not curbed. This does not mean that I would not agree in the future to consider the issue of price; I think that we are selling gasoline at an excessively subsidized price. Venezuela is the country selling the cheapest gasoline in the world, along with Saudi Arabia....

Jorge Olavarria: It is outrageous....I can understand an industry being sick and needing help, but to subsidize the soundest industry in the country....

contribution has this made? First of all, among other things, the statutory reform which was made of Venezuelan Petroleum; that reform was really beneficial, and time has proven us correct. The most important reform of all was the one associated with the role of the Venezuelan Petroleum stockholders' meeting.

The minister of energy and mines is the chairman of the Venezuelan Petroleum stockholders' meeting and, in this capacity, he was responsible for approving or disapproving the results of Venezuelan Petroleum's management, the annual results of the management; but he did not have the authority to approve the investment budget or the operational budget. To enable the Ministry to discharge its role as a formulator of the oil policy satisfactorily, since that policy was becoming a dead letter in the policy line that we submit every year, the only way for it to become converted into a concrete reality was by being included in the Venezuelan Petroleum budget. In July 1979, I submitted the oil policy lines for 1980; and now, during the early months, we are submitting those for 1981. What happened last year? Once those policy lines were received by Venezuelan Petroleum, they were converted into goals and objectives for the oil industry; they are very general lines, but they must be associated with concrete goals. Those lines were included in the budget that Venezuelan Petroleum submitted to me in my capacity as chairman of the stockholders' meeting. Thus, the national executive branch, which has a commitment to the nation to execute a policy, has a guarantee that this policy which it has formulated will be included in the budget. In my opinion, this statutory amendment authorizing the stockholders' meeting to approve the budget, an authority which it did not have previously, has been fundamental and basic to the existence of a harmonious relationship. Once that budget has been approved, the role of the stockholders' meeting is not the traditional one played by the entities of the decentralized administration or the autonomous institutes, with an accounting given by the head of the organization or the enterprise to the respective minister. I am in constant touch with Venezuelan Petroleum; but there is no formal "accounting" by the president of Venezuelan Petroleum to the minister, only at its stockholders' meetings. Two regular meetings are held and, during the course of the year, special meetings may take place, such as the one that we held last August, to find out how the programs were progressing. In this way, Venezuelan Petroleum has the backing of the national executive branch in its programs, and freedom and sufficient leeway to be able to administer the companies under its jurisdiction with a business oriented criterion. In my opinion, this has made it possible for the relations between the Ministry and Venezuelan Petroleum and the operating companies, and the interests of all of us, to be clearly harmonious and wholesome and, I would say, beneficial to the entire society. The friction and the conflicts have come to an end. Obviously, as in the case of any human conglomerate, there are at times differing viewpoints, but there is an entire mechanism for participation which is utilized.

Humberto Calderon Berti: No! It is the opposite. The soundest industry in the country is subsidizing the consumer! And that costs the industry over 1 billion bolivares per year. We must make a great effort to determine transportation policy and to conserve on the domestic market. Some policy guidelines are being established, and an attempt is being made to follow them; but those results will not be in evidence in 2 years. They will be in evidence more over the medium term; and I think that if we achieve mass transportation in the large cities and, in addition, an automotive policy tending more toward the conservation trend, that will be constructive.

The Ministry and Venezuelan Petroleum

Jorge Olavarria: Turning to the topic, which is at times knotty and sensitive, of the relations between the Ministry of Energy and Mines and Venezuelan Petroleum, whose association has been changed substantially by "nationalization," since it is no longer a relationship between an overseeing entity of the Venezuelan government and a foreign concession-holder, but rather between the one overseeing and devising the energy and hydrocarbon policy of the Venezuelan government and those who implement it, which would be Venezuelan Petroleum and the operating companies, there has been a great deal of speculation about these relations between Venezuelan Petroleum and the Ministry of Energy and Mines. It has been claimed that there is some bitterness and some differences in style and personality between the heads of Venezuelan Petroleum and the minister and directors of the Ministry of Mines. What do you have to say in this regard?

Humberto Calderon Berti: During the election campaign, President Herrera cited as one of the fundamental points related to the oil policy the establishment of harmonious institutional relations within the oil sector. During this first year of government, that has been one of the essential accomplishments: the clearcut definition of the role, the part that each entity must play in the oil area. I predicted it at the beginning of the term, and I must say now with gratification that the situation has really improved substantially, and the relations are excellent between the Ministry, Venezuelan Petroleum and the operating companies. Why has that relationship occurred; why are there relations of this kind? I would say that it was for one fundamental reason: because each one of us has confined himself to playing the role and part that the laws, regulations and the entire legal framework tell us that we must play. For example, as you appropriately noted, the Ministry of Mines is an entity whose role in formulating oil policies has been increasing; and I think that this is the fundamental role and part incumbent on the Ministry, of course in addition to the responsibility for overseeing the industry. But the formulation of policy is an essential element. Venezuelan Petroleum is responsible for coordinating, planning and supervising the industrial activity. As a main office, it has also been consolidating itself in that function, not attempting to become involved in operational matters, but remaining a main office. And the operating companies have been executing the programs. Now what

The Issue of Price

For example, I would like to mention one of them which, in my view, is the best demonstration or the most palpable demonstration of what participation in the oil sector means: the mechanism for setting prices. How are oil prices set? At least 150 individuals on various levels take part in setting oil prices. That is why, when public statements are made about the price of Venezuelan oil, it is not realized that this is the result of a constant analysis originating on the lower level. The market analysts make recommendations to the various echelons within their different companies; then each firm makes a recommendation to the Venezuelan Petroleum Marketing Coordination entity. These recommendations are submitted to the Executive Committee, and then there are periodic, definitive meetings between Venezuelan Petroleum and the Ministry, on the highest level. At them, I participate as minister, and I bring as input all the information from Venezuelan Petroleum and its recommendations, which are compared with the recommendations from the technical cadres of the Ministry of Energy and Mines. If there are no discrepancies between the recommendations made by the industry sector and those made by the Ministry of Energy and Mines sector, that is the decision which I make. When there are discrepancies, a system of consultations is established between the intermediate cadres; and when a single recommendation is possible, that is when the decision on prices is made.

I think that this mechanism for participation does credit to the industry on the one hand, and that it is of benefit to it, because it maintains harmony among all sectors. For example, this is how the matter of the budgets works also. We have a marked distinction from what has been the tradition of the "Plans of the Nation," which have customarily been devised by CORDIPLAN [Office of Coordination and Planning]. This does not hold true now, when there is a mechanism for participation, but they were traditionally devised by CORDIPLAN, and they came as orders to the executors. Now we have a process of constant exchange of information. By means of that exchange, we who are the ones dictating the policy have to be aware of the capacities, limitations and potential of those who execute it. Then there is feedback, when we submit the policy lines formulated by the Ministry of Energy and Mines, through its minister, to Venezuelan Petroleum, which has participated actively in determining those lines, which are ours, but wherein their opinion has been taken into account. In other words, it is not a matter decided on by us, decided on exclusively by the Ministry; rather, there is an entire mechanism for participation. What advantages does this have? It guarantees us that the policy will be implemented; because the one executing that policy feels committed to the policy lines that he has received. That has proven beneficial. I would say that this, in part, has contributed substantially to the harmonious relations that we have between Venezuelan Petroleum and the Ministry.

Jorge Olavarria: This leads me to ask you a very important question, concerning the policy on international prices; that is, the liquidation and

sales prices of Venezuelan oil on the international markets which, as you well know, are set in accordance with a highly complex group of factors, one of which is the political one. The events in Iran last year, and the drastic reduction in oil production in a country as important as Iran have been the essential driving force causing the increase in oil prices; in addition to the uncurbed and apparently uncurbable greed of the industrialized countries and other factors involved therein. Now, the mild winter in the United States and Europe, the nervous buying prompted by the seriousness of the Middle East crisis which has brought oil inventories in the industrialized countries to levels that are unknown to date, and a series of other factors may bring about, in the next few months, a situation marked by oversupply which, in the long run, must prevail; because, as you know, the old and never changed law of supply and demand is the one which prevails in the long run. If there is more supply than demand, and prices are artificially and excessively high, they may perhaps tend to decline during the rest of 1980. What do you have to say on the subject?

Humberto Calderon Berti: Let us try to answer the combined question and commentary in two parts. One, the issue of prices, and the other, how one discerns the market in the very immediate future.

The issue of prices. I have attempted to explain to the country the reasons underlying the setting of prices in Venezuela. Unfortunately, we cannot compare the types of crude that are produced in the different OPEC countries. Why? Because when one discusses Saudi crude, for example, in the case of Saudi Arabia, one is referring basically to one kind of crude: the light Arab type, with 34 degrees API. When one talks about Algerian crude, he is referring to a "Sahara Blend" crude, with 41 degrees. When one talks about Nigerian crude, he is talking about something similar. When one talks about the crude from Abu Dhabi, he is talking about "Murban" crude, with 39 degrees. When one talks about Iraqi crude, he is talking about "Basrah," that is, a specific type of crude. Why? Because those countries have as a fundamental characteristic the fact that the type of crude which they produce is basically of a single quality, with a very large volume of a single quality. The situation in Venezuela is different, and it is unique within OPEC. Why? Because we produce oil that ranges from 8 to 50 degrees API.

Jorge Olavarria: Very heavy and very light.

Humberto Calderon Berti: Yes, but it so happens that only about 10,000 barrels per day of oil exceeding 34 degrees API is exported. The main volume of our exports consists of heavy, extra-heavy and medium crude. And note should be taken of something else. What we call light crude is considered to be medium and heavy crude by certain countries. For example, in Kuwait, heavy crude is 27 degrees API; we consider that to be light crude. So, one cannot compare the one with the other. For example, what is the composition of the exports? When that entire volume of products is mixed, it gives us an average of 24 degrees API for Venezuelan crude. Now what we would

have to compare is Venezuelan crude of one quality with the crude of the same quality from elsewhere.

For example, let us compare the price of 34 degree API Venezuelan crude with that of an equivalent crude. The price of our 34 degree API crude is called the "office" price. What is the "office" price at present? It is \$30.75. What is the price of Saudi crude of that same quality? It is \$26.00. There is a difference of \$4.75.

Jorge Olavarria: There is a distance of many thousands of miles between the Saudi markets and our markets....

Humberto Calderon Berti: Yes, but it is not worth \$5.00 to transport a barrel of Saudi oil to the east coast of the United States. However, we have to maintain a price that will make Venezuelan oil competitive with the other oils that are available on the international markets. Now, of course, if one notes the average price of Venezuelan oil, it would appear that we are being hurt, if one observes it dispassionately; because it so happens that, in order to obtain that average, there are heavy oils, extra-heavy oils and medium oils, and a small amount of light oils....And so that reduces the average sales price of Venezuelan oil; and it is less than the price of the crude from Saudi Arabia. That is true. But it is because the vast majority of our oil is of a lower quality than the Saudi crude. Hence my insistence that we compare pears with pears, and apples with apples.

Let us proceed to the other part of the question.... How do the market conditions appear? As you have aptly noted, the price hike in 1979 was due chiefly to the crisis in Iran. I have said on many occasions, and I maintain that we have not yet seen any real energy crisis. What we have witnessed to date has been political crises with an effect on the world energy situation. No real, genuine, structural energy crisis has occurred. When will it occur? When the demand exceeds the supply; when what the world is demanding by way of energy is substantially more than we producing countries are capable of producing. Then the real energy crisis will come. When will it occur? Some experts claim that 1985 will be the year of the crisis; others think that 1990 might be the year of the crisis. Sooner or later, the crisis will come; because there will not be any possibility nor capacity for production to meet the demand. But we must prepare the world for that crisis, when it comes. And it will be more or less traumatic depending on our capacity for preparing mankind for it. And how can mankind be prepared? In two ways: The policy of increasing prices has led to two things: in the first place, to arousing an awareness of conservation in the world. In 1970, no one was talking about the need to conserve energy; because everyone thought that the energy resources were inexhaustible, and that they would be available so long as mankind existed as mankind. And that is not so. The energy resources from oil have substantial limitations; they can be depleted and exhausted. And we must make rational use of them. Secondly, the development of alternate energy sources. What has the increase in prices necessitated?

Jorge Olavarria: Non-fossil fuels? And coal?

Humberto Calderon Berti: Possibly fossil fuels such as coal, but alternate sources other than hydrocarbons. Why? Because we think that the development of alternate energy sources will take place in the future in such a way that they will not compete with the hydrocarbons. Why will the alternate sources not compete with the hydrocarbons? Because they are complementary; because the hydrocarbons maintain and have a feature which, in our opinion, is not to be compared with the other energy sources: namely, their flexibility, their elasticity, and their easy handling. You use hydrocarbons to burn in combustion engines, to drive cars, to produce electricity, to make plastics, and for petrochemical purposes; in other words, the uses of hydrocarbons are quite varied. Obviously, at the present time, the major consumption of hydrocarbons is for producing energy: 90 percent. And 10 percent represents the petrochemical uses to which they are put. But what is going to happen?

Jorge Olavarria: So much for petrochemicals?

Humberto Calderon Berti: Yes, 10 percent, especially natural gas, for the production of fertilizer, plastics, etc. In the future, the participation of hydrocarbons as an energy source will decline. And some very great contradictions appear in this regard. For example, during 1973, when the price of oil was 10 times less than it costs now, the Central American and Caribbean countries (to give an example of lack of foresight in directing energy policies) were less dependent on hydrocarbons than they are now, 10 years later, with the price 10 times what was paid before. This does not make sense, because they should be less dependent now.

Well, to finish answering the question, in view of the situation and the more medium and long-term prospects, what is going to happen? There will be a transitional period, which could last for 20 or 25 years; a period that will be typified by the existence of increasingly scarce and more expensive hydrocarbons, and the advent of new energy sources. And therein lies the OPEC price policy, which must be based on a clearcut strategy. What is the strategy, what should the medium and long-term strategy for prices be? To continue raising prices progressively, so that we can give an incentive for the development of alternate sources, over a period that is not so brief that it does not displace hydrocarbons entirely, nor so long that we cannot meet the energy requirements and a crisis occurs. So, we must deal with the price policy wisely, within OPEC. But the end goal must be to balance the prices with those of the alternate sources. At the present time, regardless of the price that is set, there is no alternate source which could replace oil. Why? Because there is none available. If OPEC should, tomorrow, decide to charge \$100 per barrel for oil, there are not sufficient alternate sources available at present to compete with oil. Of course the price policy will force the development of the alternate sources, which require time for development. This is something important, but people do not fully understand it yet.

Jorge Olavarria: It has been proven historically that the only thing which in fact forces the development of an alternate energy source is absolute necessity.

Humberto Calderon Berti: Viewing the matter in the more immediate future, let us say for the remainder of this year, what is in sight? What could happen? I would say that this effect will be temporary. Last year, as a result of the crisis in Iran, there was an abnormal accumulation of inventory. You have mentioned it yourself. The normal amounts are about 4 billion barrels of oil and products; and, as of 31 December 1979, they stood at 5 billion barrels, with approximately a million additional barrels. What will it mean if that million barrels goes to the international markets, let us say, in a year? We shall have over 2 million barrels per day of inventory going to the market. This, combined with the other point which you made to the effect that the winter has been very mild in Europe, in the north as a whole and in the United States, has resulted in a demand that is not sufficiently large to require large supplies of oil.

What do we think will happen? There will be a slackening of the market. When could this slackening occur? I think that it will begin to be felt when winter ends, and it is already starting to be felt. How is it starting to be felt? For example, the spot market price has dropped from \$45 to about \$35 for a certain type of crude. For example, 2 weeks ago, the price of a crude from an OPEC country on the spot market differed by \$1 from that on the contractual market. We (Venezuela) do not sell oil on the spot market. Why don't we do so? Because we think that the spot market is one which encourages speculation, a speculation wherein the great beneficiaries are the international oil companies, and the intermediaries are not the governments. Because, when there is a large amount of oil participating on the spot market, control of prices is lost and then the way is paved for speculation. Last year, owing to the tight market conditions, an abnormal spot market developed; because, normally, the spot market accounts for 3, 4 or 5 percent of what is sold worldwide. That has its advantages, because the spot market is the pulse, the thermometer gaging the condition of the market, either in an upward or a downward direction. We must not forget that the spot market has an erratic behavior. During periods when the market is tight, the spot market is up; but when there is an abundance on the market, the spot market sells under the contract price. And that is what many people forget. During 1977, the spot market prices were lower than those on the contractual market. Last year, as a result of the crisis in Iran, a nervous situation occurred with the accumulation of large volumes, since there was a great increase in demand; and that forced prices up, and the spot market began to develop.

Jorge Olavarria: Do you think that this "psychological" situation is going to change? It is an obvious political fact that the world's largest oil producing area, namely, the Middle East, is an extremely vulnerable one from a political standpoint. The day before yesterday it was Iran, yesterday it was the incident in Mecca, and today it is the Soviet armed occupation

of the first Islamic country that they have invaded: Afghanistan. Tomorrow it could be anything else in that area: The Arab-Israeli conflict is latent and constant, it has not been eradicated; and the state of constant conflict perpetuated by uncontrollable governments in a permanent state of revolutionary agitation, as in the case of Libya, are imponderable factors. So, it is a fact, and I am not asking you for a statement nor a response to what I am saying, which I take the liberty of doing as a journalist, but you, as a minister, cannot reply. It is an unquestionable geopolitical fact that this is a vulnerable area, and hence it bears a direct relationship to the dependence of highly developed parts of the world, which is absolute with respect to their oil imports, and not relative, as in the case of the United States, but absolute, as in the case of Japan and Western Europe. Therefore, could that not soften the response that you have given to a slight extent?

Humberto Calderon Berti: I hear, I take note and I make no comment.

Venezuela's Natural Markets

Jorge Olavarria: Within what is considered Venezuela's natural geopolitical market, the east coast of the North American continent, lies Canada; and, within Canada, lies the east coast of Canada, whose richest, most prosperous and most industrialized area, with the greatest oil consumption, is the province of Quebec. It is no secret to anyone that Quebec Province has been seeking more and more autonomy for many years. Could you tell us something about this Canadian customer; and, in the event that Quebec should secede from Canada, what would Venezuela's position be as a reliable supplier to Quebec?

Humberto Calderon Berti: Venezuela has traditionally been a reliable, stable and trustworthy source of oil for North America, both the United States and Canada. The development of our oil industry in recent years, insofar as production is concerned, has been marked by a substantial reduction in the supplies of medium and light crude. We have traditionally approached Canada selling light crude, which is the best of our product. However, unfortunately, owing to the limitations on the supply of light crude in 1980, we are providing a lesser volume than we had traditionally, as a result of this problem. Of course, during 1979 we held talks (Venezuelan Petroleum and Venezuela-Petro-Canada), with the intention of, and interest in selling directly to that Canadian state enterprise our oil supplies to Canada, without doing so through intermediaries who are currently the ones supplying it with our oil. With the change in government and the different assessment of the oil problem made by the previous government of Prime Minister Trudeau and by the government which subsequently succeeded it, the talks were interrupted and did not continue, and the negotiations could not be carried out. To be sure, we would be willing to consider this situation again, and to explore the possibility of our selling directly to the government of Canada.

Jorge Olavarria: Is that oil being sold to Canada, or is it being sold to a marketing company?

Humberto Calderon Berti: It is being sold to Exxon, and Exxon sells it to Canada through the Imperial firm, in which Exxon has a rather substantial share.

Jorge Olavarria: What are the chances of a direct sale to a Canadian company per se, owned by the Canadian Government; or, if the occasion should arise, to a company of the new State of Quebec?

Humberto Calderon Berti: We have said, and this is what was noted previously, that we are willing to reconsider the possibility of selling to Petro-Canada. In other words, the talks which were interrupted could be resumed. Now, with regard to the possible sale of Venezuelan oil to some province in particular, and in the event that there should be some kind of separation involving Quebec, I do not care to express any opinions on the matter. Our customer has been Canada.

Jorge Olavarria: But there is the precedent that Venezuela does sell oil to North American states, including municipalities of a North American state....

Humberto Calderon Berti: It sells it to North American companies which are not state-owned, because the American state does not have oil companies. It does sell to municipal companies in the United States, and its sales consist basically of residual products for generating electricity. I think that there is an instance of this kind. Now, in the concrete example that you have cited of Quebec, and in the context of Canada, we have always provided a volume for that area. I think that we shall have to wait for the circumstances to transpire in order to analyze the concrete situation that might occur, and what our reaction will be.

Jorge Olavarria: Would there be any chance of considering a joint venture, a Venezuelan-Quebecois refinery, for the purpose of processing the Venezuelan heavy oil, and thus benefiting both sides?

Humberto Calderon Berti: Well, this is a new plan that we are beginning to inspect. We are making increasingly larger amounts of heavy oil available on the international markets. We are holding discussions with France regarding the possibility of supplying it for a certain amount of time with some of our heavy crude, so that they can refine it. Obviously, we could explore the possibility of establishing some kind of joint operation, or joint venture, with a certain country, a state company in some country, or with a company in any country. Such a possibility has not been precluded; it is a matter to be analyzed.

OPEC

Jorge Olavarria: At the conclusion of the conversation with you, we must inevitably discuss OPEC. OPEC is a cartel; the purpose of a cartel is to set prices, and when agreement is not reached on prices, the purpose, spirit and reason for the cartel to exist and survive appear to be in jeopardy. Obviously, it would be in much more jeopardy if prices were declining and the competition among the OPEC countries, the intra-OPEC competition, were based on more volume and lower prices, which is suicidal. I do not think now that it will ever return to that and, in this connection, for those who dream that OPEC will disintegrate, if it ever should disintegrate it will never be to compete among its members based on more volume to cut prices. In any case, it would be based on less volume with higher prices. This is somewhat like the situation at present, and it is the current trend. And OPEC does not have a single price, because prices are on the rise, and are increasing; and now the problem seems to have arisen regarding a cut in production, because prices are by now uncontrollable. What do you have to say about this, and what has Venezuela done in this regard to maintain the unity of OPEC as an entity to regulate production?

Humberto Calderon Berti: OPEC was established in 1960, with a fundamental goal of recovering the prices of hydrocarbons. The market conditions have been progressing since then, from 1960 to 1979-80, and nowadays they are far more favorable than those which existed at that time. This has enabled us to increase the prices to the present levels, and they will continue to rise in the future at any rate. We have insisted, and President Herrera stated it during the election campaign, we have insisted that OPEC cannot and should not become a price club; and that, nowadays, with a mature OPEC and conditions that are completely different from those in 1970, the price issue cannot be the only reason for the existence of OPEC. And the entire policy that we have been carrying out within the organization and with respect to the organization's member nations has been based on this. For example, with regard to the nations, we have attempted to bolster the bilateral relations with the OPEC member nations through various initiatives: first of all, the bolstering of our embassies in those countries. For the first time in Venezuelan history, oil experts are working in the Venezuelan embassies in OPEC countries, both at the ambassadorial level and that of the minister-counselors. This has benefited our relations substantially. We have made constant contacts on the various levels of public administration, including the president of the republic (his recent trip which I consider to have been highly successful in this matter of cultivating personal relations with the heads of state of all the OPEC member nations); and also through meetings, talks, contacts and visits that I have held as minister, and which the Ministry's technicians have held. So, there is constant contact between us and the other OPEC countries; and, furthermore, the initiatives that we have introduced into the organization. I would say that Venezuela has been typified by maintaining a position, not of leadership, because that is not what is intended, but rather of creativity and imagination

within OPEC. I say this because, for example, at the meeting last June, we proposed the creation of a news agency, which was agreed to unanimously and for which the final arrangements are being made at present. Now, in March, there will be what we hope is the final meeting of experts to make the decision regarding the establishment of this news agency, which will make it possible to disseminate information. This (the news agency) will enable us to disseminate not only the information on oil that is produced in our countries through our own channels, to prevent the manipulation and distortion of information, but also information on the political situation, and on social and economic events, in short, general information concerning the OPEC countries. This will help to bring us closer together and give us a far more consistent image in the eyes of the world. Moreover, we have maintained within OPEC a position marked by much activity concerning our relations with the developing countries. In this regard, I would say that Venezuela is a country which, for ideological reasons, has retained very great sensitivity; and we are quite well aware of the significance of OPEC's relations with the other developing countries. We are dutybound to cooperate with the developing nations in a far more effective manner. We have been cooperating with these countries through the OPEC Special Fund, now the OPEC Fund; but I think that the effort will have to be greater. Why? Because we need the solidarity, the support and the backing of the developing countries; since, to isolate OPEC from the other developing countries would be extremely hazardous to the organization's goals. We must prevent what happened in Manila last year, and all the efforts which are being made to cause a kind of division between the OPEC nations and the other developing nations, which stems from a very obvious strategy on the part of the industrialized countries. And the way to prevent it is through the establishment of programs for effective cooperation with those countries. This has been the reason, for example, for our active participation on the OPEC Long-Term Strategy Committee, wherein what we consider to be important initiatives have been proposed with regard to cooperation. One of them is the guarantee for the supply to the developing countries, which is important now, but which will be far more important in the future, when we become more involved in problems related to supplies on the international markets, when the market conditions are tighter and more difficult. And, secondly, there is the establishment of mechanisms for far more effective and speedy financial cooperation.

And this is the reason for the Venezuelan-Algerian proposal to convert the OPEC Special Fund into a financial institution with its own corporate status, with greater flexibility and with a larger amount of funds, so as to be able to provide for cooperation programs with the developing countries. In that regard, we think that these programs could be directed toward the financing of oil bill payments; because these Third World countries are suffering the onslaughts of inflation imported from the industrialized countries, but they are also affected by the oil price hikes. We believe that we should cooperate with them financially, so that they can pay their oil bills. And I consider it even more important to cooperate in the development of alternate energy sources in the developing countries, so that they

may be less dependent on hydrocarbons and, consequently, less dependent on the oil supplies from OPEC. And this has the advantage of conservation, on the one hand, and the reduction of the pressure being exerted on OPEC as a result of their oil needs, on the other; and, finally, it would enable us to use this development agency to finance development projects in the developing countries, so that they may carry out programs that will make it possible for them to develop their economies. This was unanimously agreed to at the meeting of the Strategy Committee which was just concluded in London, last week. It will be submitted to a special conference of oil ministers in May of this year, as part of the Committee's report.

Then there was the proposal which President Herrera made to the heads of state, to the effect that, once we held the special meeting, which was our initiative, we could hold a triministerial meeting (ministers of foreign affairs, finance and oil) representing all the OPEC member nations, so that, using as a basic document the report of the Long-Term Strategy Committee which we oil ministers have prepared, we can recommend a group of ideas to the heads of state to be considered as decisions at the summit conference which will be held in Baghdad at the end of October or in early November of this year, marking the 20th anniversary of the organization.

Our participation in the OPEC area has been very intensive, but I do not think that we can end, or terminate the course of our activity in international affairs, not to mention for a moment what we have been doing in the area of cooperation in Central America and the Caribbean.

We have been making a very great effort, not only with respect to oil supplies, but in advising all these countries on various aspects of the energy industry as a whole. For example, in the case of Nicaragua, we have been advising it on the creation of its Ministry of Mines and Hydrocarbons, as it is to be called; and, in the case of Costa Rica, we have made a complete evaluation of all the exploratory work that has been done in that country. The same thing holds true for the Dominican Republic, and for Guatemala. In the case of Honduras, we made a complete evaluation of its refining system and its domestic distribution. In the case of Panama, we made a complete evaluation of its refinery and of the impact of the prices charged by the companies for processing Venezuelan crude from other sources, and their effect on the domestic market in that country....

Jorge Olavarria: Those studies are very expensive....

Humberto Calderon Berti: We have conducted all of them with regular personnel from the Ministry of Energy and Mines and from industry, as part of the cooperation program between Venezuela and all these countries. We have decided that our technicians are to participate far less in international forums and congresses, as speakers, and far more in actual programs for cooperation which will bring concrete benefits and concrete results to Venezuela and to the countries that are receiving that assistance. This went into effect in June of last year, and I would say that, in the 6 years

since OLADE, the Latin American Energy Organization, was founded, we have done more in 8 months than has been done during the entire history of OLADE, insofar as cooperation is concerned. We are cooperating with Ecuador; we have sent a delegation of very high rank to Ecuador, on two missions: in the area of service contracts so as to help them plan the type of service contracts that they want to have there, and we have also given them advice on geological and mining evaluation.

The effort that we have expended on this area is what has contributed to Venezuela's prestige within the community of nations. Belonging to the Latin American Energy Organization, to such an extent that Venezuela was unanimously selected by all the OLADE member nations as the liaison between OLADE and OPEC, after the meeting in San Jose, Costa Rica, which took place in June of last year, only 2 months after the Manila meeting. In other words, some Latin American countries which had maintained a hostile position toward OPEC, and toward Venezuela, of course, as part of OPEC, have maintained a position marked by far more understanding and agreement with regard to Venezuela; and this result happens to have occurred for that reason.

Results of a Year of Government

Jorge Olavarria: Well, we are on the threshold of the first anniversary of Humberto Calderon Berti as minister of energy and mines. How would the minister assess his administration during the first year of government?

Humberto Calderon Berti: I am really gratified by the results that we have accrued during the first year of government, both nationally and internationally. On the national level, we have continued what we term the intensification of the nationalization process. We have made substantial progress, first in the area of technology, wherein we have not only diversified sources of technology during the year, but have also developed our own technology, and have consolidated our research and development centers, including INTEVEP, which is Venezuelan Petroleum's research and development center, which is now a concrete reality and which I of course had the responsibility of heading before I became minister. It now has personnel numbering 500, 50 percent of whom are professional university graduates; and of those university graduates 50 percent hold master's and Ph.D. degrees. And all the comments made by visitors who have come from abroad, from many different countries, regarding what is being done in the field of technology, have been very positive.

The New Technology Contracts

We are about to sign new technology contracts on terms that are diametrically opposed to those concluded in 1975. The payment per barrel produced and barrel refined will be eliminated, and therefore payment will be made for the service received. This will represent a net savings of 400 million bolivares for us in 1980, which is a substantial savings, nearly 50 percent

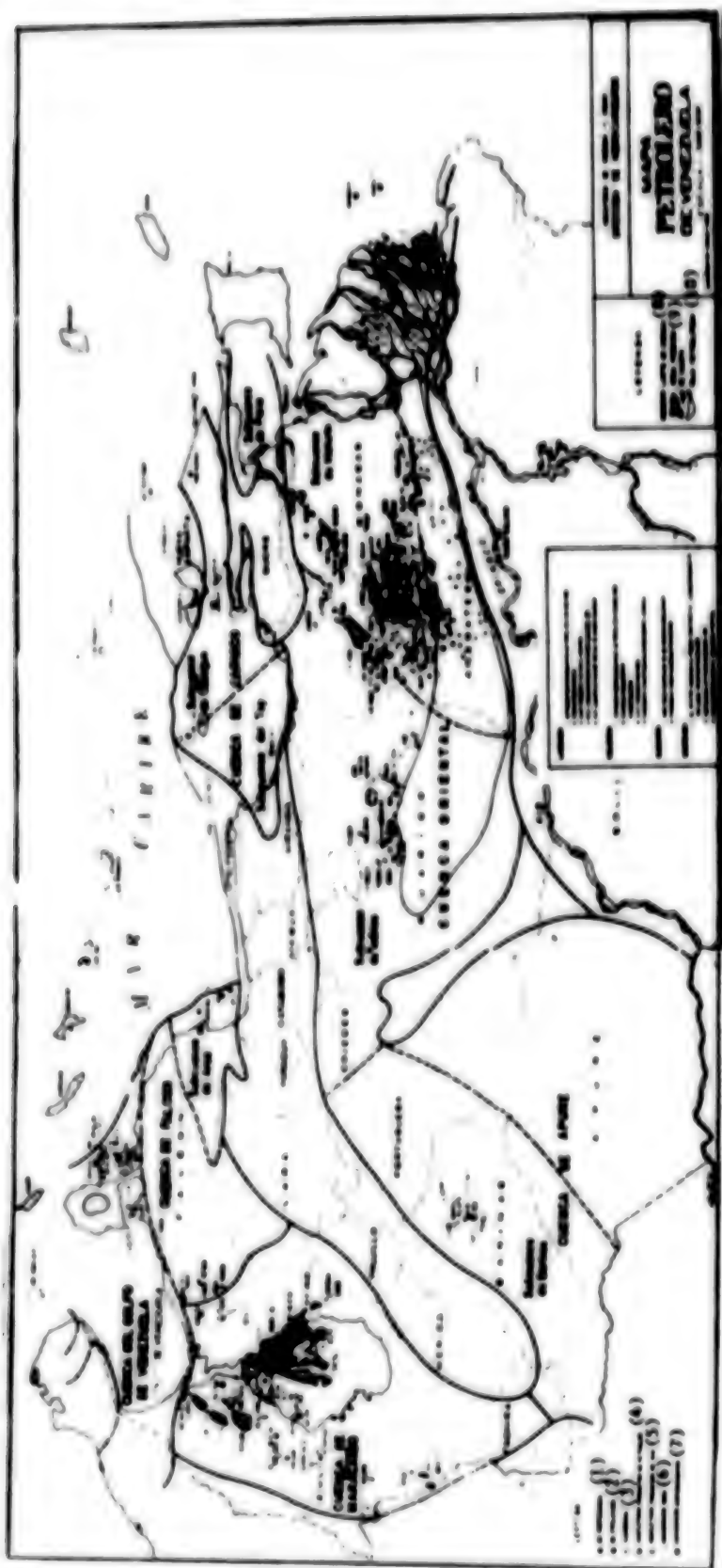
of the net cost to us in 1979. The confidentiality clause, which is also something important with regard to technology contracts, will be eliminated. And we have made considerable progress in the marketing contracts. The terms have been reduced from 4 years to a year or 2 years at the most. A change has been made in the mechanism for setting prices, which was formerly on a quarterly basis for crude and monthly for products; although, for certain products such as fuel-oil, we made the change last year, making it every time that it was necessary. And now they are set from time to time; every time we want to set prices, we can set them. In the past, we were limited by the quarterly setting; and, with the speed at which the international market has been moving, we were often prevented from taking advantage of conditions on the market by the limitation imposed on us. That will no longer exist. Destination clauses will be required in the contracts, so that we may be guaranteed that our oil is not being manipulated or improperly used on the spot market; something that is quite important. We are using light and medium crude as a lever for opening the market to heavy crude, which will be our main export trend in the future. This relates to the nationalization process, and sensitive areas of the nationalization process. There has been continuity and normality with respect to operations in the industry. The industry has not been subjected to leaps and bounds, it has not been subjected to sudden changes; we have proceeded to make modifications in the structure and in the statutes of Venezuelan Petroleum aimed at improving operations, but without causing any trauma thereby. We have changed the composition of the Board of Directors of Venezuelan Petroleum, taking two factors into account: continuity, through the retention of the board members who were previously there, and a healthy element of renewal through the incorporation of oil experts, all of whom have comprised a new team within Venezuelan Petroleum. Exploratory programs have been carried out, the results of which are already clear. We have discovered rather sizable gas reserves on the continental shelf north of the Paria Peninsula; very good results are being accrued in the exploration of the cretaceous area in the southwestern part of the Lake Maracaibo basin, as well as in the San Jose area north of Casigua, in the state of Zulia. The programs involving the Orinoco Oil-Bearing Strip are unparalleled in Venezuela's petroleum history.

I have already cited some of the most outstanding aspects of the Strip. In my opinion, the change in the policy regarding the Strip is one of the most important features of our oil policy during this first year, the results of which will be in evidence far earlier than people think. In the realm of international affairs, we have maintained extremely intensive activity, not only among the OPEC nations, as we have noted, but also in the Latin American context, in OLADE. In brief, I think that we have been shaping an oil policy which I believe the majority of the country has accepted, has considered good and feels that it is sharing in. I do not think that everything has been perfect; I believe that there is a great deal of room for improvement, for substantial improvement. We have maintained an open attitude, without confrontations with the people; an attitude of understanding, and not of argument with any sector. There has obviously been criticism

in the matter of oil management, but I attribute it mainly to the unawareness of certain things. In conclusion, I feel gratified, in general, at the results that we have accrued, and I think that I can interpret the view of the vast majority of the Venezuelan population as being that the oil policy is being managed correctly, and in a responsible, serious manner; and that there is complete, absolute identification between the formulation of oil policy by the Ministry of Energy and Mines and the entities which are responsible for executing that policy, Venezuelan Petroleum, the operating companies and INTEVEP.

PETROLEUM MAP OF VENEZUELA; SCALE: 1:1,500,000, PREPARED BY ENRIQUE MUNOZ

Ministry of Energy and Mines, Office of Hydrocarbons



Key:

- | | |
|---------------------------|----------------------------|
| 1. Being drilled | 6. Abandoned, dry |
| 2. Being evaluated | 7. Abandoned, uneconomical |
| 3. Suspended | 8. Boundary of basin |
| 4. Completed oil producer | 9. Proven area of field |
| 5. Completed gas producer | 10. Oil-bearing strip |

[Legend in lower center of map]

LAGOVEN

1. 20 wells drilled, totaling 164,000 feet
2. All producers
3. ANP average: from 300 to 350 feet
4. It is planned to drill 30 more wells this year
5. MEM [Ministry of Energy and Mines] surveyed over 800 kilometers of seismic lines

MENEVEN

1. 30 wells drilled, totaling 113,000 feet
2. 34 producing and abandoned wells
3. ANP average: 150 feet
4. It is planned to make experimental seismic measurements (300 kilometers)

MARAVEN

1. Only well drilled out of 20 scheduled
2. It is planned to make experimental seismic measurements

CORPOVEN

1. On 21 February 1980, the first well was started (MON-IE), Location SE-7; now, 1,892 feet have been drilled
2. 27 more wells will be drilled this year
3. 2,364 kilometers of seismic lines have been surveyed

[Basins shown on map]

Maracaibo Basin
Gulf of Venezuela Basin
Falcon Basin
Aroa Sub-Basin
Barinas Sub-Basin
Apure Basin
Eastern Basin
Cariaco Basin
Cubagua Sub-Basin
Tuy Sub-Basin
Paria Sub-Basin
Maturin Sub-Basin

"Of the 242 wildcat wells which we shall drill throughout the country this year, 192 are in the east; and, of that number, about 150 wildcat wells are in the Strip alone. This is the greatest exploratory effort that has been made in Venezuela during the past 20 years, the one that we shall be making in 1980. We believe that the resources in the Strip may exceed the initial figure of 700 billion barrels of oil on site which was estimated in 1967 and in subsequent studies."

2909

CSO: 3010

INCREASING DEPENDENCY ON OIL BLAMED ON GOVERNMENT POLICIES

Caracas RESUMEN in Spanish 16 Mar 80 pp 28-32

[Article by Ivan Pulido Mora: "Who Is Manipulating the Oil Statistics, Mr Minister?"]

[Text] Our previous analysis of the current economic situation in Venezuela published with the title "The Taste of the Truth, Mr President," in the magazine RESUMEN, No 330, dated 2 March 1980, has evoked the most variegated comments and even nervous reaction from the government, without going to the root of the problem, regarding the way in which the readily available funds from the exploitation of the resources in our subsoil, which belong to us, the present and the future generations alike, are being squandered. In this regard, we have stressed how the country's dependence on oil increased last year, amid the good intentions expressed by the government sector to achieve the contrary.

Amazing Mistakes

On this occasion, we would like to comment on the official reports included in the previous issue of this magazine as a response from the Ministry of Energy and Mines, without reference to the rejoinder-document which was claimed publicly, at a difficult time, to have been being prepared by the Ministries of Energy and Mines, and Finance, for release to the public. Of the comments from the Ministry of Energy and Mines, 34 percent consist of verbatim excerpts, in quotes, from OPEC resolutions. There is no new information that would prompt a change in our previous opinion; but there is, indeed, a remarkable detailed report on the oil industry's production potential, to which we have devoted a special comment. So, our remarks are aimed at commenting on that official response, without having had time to do so with regard to lesser opinions; something which brings to mind the recollection of what happened years ago to an official in the Finance Ministry who was responsible for making the estimates on the oil royalties, which at that time amounted to about 2 billion bolivares. That official, who had performed this task for a long time, appeared one day before the general director of the budget, and showed him a revised estimate of his usual calculation. The "slight" mistake which triggered the events leading to the dismissal of

the official was that the new figure established the oil royalties at about 20 odd billion bolivares: a mistake involving a comma or another little zero to the right.... It was sufficient to consider him unacceptable, since a technician or expert on the subject is not allowed to make a mistake on anything that he is assumed to do skillfully and every day. So, in the case of the personal views of our complete analysis of the economy, we lack the time for precise statements on the matter; and, furthermore, it is not logical for us, mere students, to try to teach an instructor. However, we cannot overlook two assessments contained in what has proven to be plagued with ill-considered statements and technical inconsistencies: On the one hand, to accept as totally correct our claim that "during 1979, the Venezuelan economy became more dependent on oil," and then to give, as a rate of growth for the non-petroleum gross national product (internal activities), 6 percent, which is not even acceptable to those who might have the most to gain, the members of the economic cabinet, who estimate it as being under 4 percent, is to display an ignorance of the theory of numbers; because, for an increase to occur in the percentual or relative importance of one item (the oil GNP), its growth must exceed that of the other (internal activities GNP) during the same period. This is at the outset, because it appears at the beginning of the opinion in question, when there is assurance and no desire to conclude because of fatigue; because, at the end, something is said: Commenting on our table which contains what it was not expected to find and which involves elements of calculation that were thought to have been forgotten, entails but one explanation, as in the case of the Finance Ministry official: that the assessments do not lie within the realities of the moment. To refer to government participation which is considered 4.28 times less than its real amount (\$1 = 4.28 bolivares) is inexcusable; as is the attempt to give a lecture, noting that we have forgotten to take into consideration the various types of production in the years of the historical series on our table. We do not even want to pass judgment on it, when the last three lines relate precisely to different per barrel items (income, government participation and national oil income divided by the annual production of liquid hydrocarbons). Now then, approaching the subject, we shall group our comments on the response from the Ministry of Energy and Mines into five sections:

Bonus and All, the Minister Cannot Prove a Doubling of the Price of Our Oil

With regard to oil prices, what remains is the question of whether "in only 9 months of government," there was success in "doubling the price of our oil." To deal with this, we must first determine the period under study: 12 March 1979 to 12 December 1979. This chronological period leaves no room for doubt, because even the Presidency of the Republic has just put into circulation a publication entitled "Decrees of the President of the Republic, Luis Herrera Campins," the "first volume of which covers the period from 12 March to 12 June 1979" (exactly 3 months). (EL NACIONAL 28 February 1980, p D-4).

An analysis of the change in Venezuelan crude prices on the international markets during 1979 must take into account the decisions of the OPEC conference held in Abu Dhabi on 16-17 December 1978. On that occasion, the conference decided, insofar as prices were concerned, that the "adjustments are to be scaled on a quarterly basis, and cumulative," with an increase in 1979 amounting to about 14.5 percent. That increase can only be attributed to the decision made at the aforementioned conference. The adjustment agreed upon (5 percent) for the first quarter of 1979 went into effect and then, as of 12 March, the date of the beginning of the new administration, the average sales price of Venezuelan crude stood at \$12.87 per barrel. During the first 9 months of the Herrera administration, price adjustments were made in accordance with the OPEC decisions. For example, 14 days after the new Venezuelan minister of energy and mines took office, the OPEC conference in Geneva "decided to make a moderate adjustment in the price, making the adjustments agreed upon at the Abu Dhabi conference in December 1978 retroactive to 1 April 1979.... In addition to the foregoing adjustment, each member nation may add to its price a market premium depending on its own circumstances." Once again, Venezuela benefited from the measures adopted by OPEC, and so the average sales price of its crude rose by 15.7 percent, to \$14.89 per barrel. And, as a result of other subsequent adjustments, the prices for each type of crude indicated on the chart for 12 December 1979 were reached. The average sales price cited by the Ministry for that date is \$18.56 per barrel, which does not represent a doubling as the president of the republic claimed, but less than half (44.2 percent) of the amount in effect as of 12 March 1979, 9 months earlier, when the new government began. It must be reiterated that this total includes the 15.7 percent increase decided on by OPEC on 26 March 1979; and hence the price of \$18.56 per barrel of Venezuelan crude for 12 December 1979 represents only a quarter (24.6 percent) more than the price in effect at the time of the decision of the OPEC conference held in Geneva a few days after the new government began in Venezuela. In order to confuse someone (we don't know whom), the Ministry of Energy and Mines has made a comparison between the prices in effect as of 31 December 1979 and those of the same date in 1978 (a calendar year which includes nearly 10 months of President Herrera's government and more than 2 months of the previous administration); and, even so, it cannot prove the doubling that is in question, only four fifths (82.8 percent). Granting it 19 additional days in its favor, added to the first 9 months of government, and comparing the prices supplied by the Ministry of Energy and Mines as of 31 December 1979 with those of 12 March 1979, one arrives at an increase of only three quarters (73.9 percent), affected by the so often mentioned increase (15.7 percent) resulting from the decision of the OPEC conference held 2 weeks before the new Venezuelan government began, and based on the Abu Dhabi Accords of December of the previous year. And so, bonus and all...they could not stretch the increases in oil prices beyond half (50.3 percent) of what they thought them to be when the president of the republic was advised to tell the country: "In only 9 months of government, we have also managed to double the price of our oil."

But what is most important of all, and can be understood by any sensible Venezuelan, is the fact that the prices of our oil are contingent on the circumstances which prevail on the international markets, dissociated from any government, as evidenced by the resolution of the OPEC conference held at Geneva 14 days after the new Venezuelan administration began, about "making retroactive to 1 April 1979 the adjustments agreed upon at the Abu Dhabi conference of December 1978." This prompted our previous opinion regarding the change in oil prices up until 12 December 1979, which has been completely corroborated by the report from the Ministry of Energy and Mines, in the following terms: "All these increases which occurred during 1979 resulted in an average price for the year of approximately \$17.55 per barrel which, when compared with the average sales price of \$12.24 per barrel that existed at the end of 1978, represented a 43.38 percent increase." When the latter figure is rounded off to a decimal, it becomes the 43.4 percent cited in our study, which we are now defending.

There Is No Other Option: Cut Production In View of the Precipitous Decline in Potential

If anything extremely disturbing, constituting the heart of the nation's oil problem, emerges from the statistics supplied by the Ministry, it relates to the production potential.

Of course the Ministry's figures and calculations have been made to show that the production rates for 1980 "will not damage the final recovery of the deposits." The claim is made that, for this purpose, "the necessary efforts will be made regarding the drilling of outposts and development wells, as well as work on the reconditioning and service for inactive wells."

But, as we mentioned in our previous opinion, "...experience itself and other sources of information concerning the facts, which no one can conceal, confirm the real situation." On this occasion, it is the very statistics from the Ministry given to RESUMEN, and not those allegedly originating with CORDIPLAN [Office of Coordination and Planning] which indicate to the public the real status of the Venezuelan oil industry. We are referring to those concerning the production potential.

This is the sad reality: Between December 1978 and December 1979 the total daily production potential declined by only 19,400 barrels (0.79 percent), as a result of a surprising increase in heavy crude amounting to 244,400 barrels; but the potential for producing light and medium crude declined by 263,800 barrels, at an annual rate of 16.1 percent. This considerable decrease in the potential for producing the crude with the largest demand and highest price is broken down into 96,300 barrels of medium crude (a 12.4 percent reduction) and 167,500 barrels of heavy crude (a 19.4 percent reduction). This situation, proven by official figures from the Ministry of Energy and Mines, indicates a failure to attain the goals which the Ministry itself cited to the Chamber of Deputies Finance Committee at the time

when the 1979 Budget Bill was discussed, because it stated that it was expected to increase the production potential to 2.47 million barrels by the end of 1978, and that, "with the blessing of heaven, the production potential will be greater by the end of 1979." As we have noted, the real situation is that there was an overall decline of up to 2.424 million in December 1979, with a sacrifice of the light and medium crude. The vital question is whether the decline in the potential to produce this same crude will continue as heavily during 1980, and whether the increase in the potential for producing heavy crude will be successful enough to offset that reduction in light and medium crude; although such a change is by no means advantageous!

Now more than ever, significance is attached to the statements made on this subject by a competent professional person and those made by the supreme authority, the Venezuelan Association of Petroleum Engineers (SVIP). Engineer Anibal R. Martinez points out that, "to require that production be kept at 400,000 cubic meters per day, while the technical capacity to produce collapses is a kind of suicide." And the SVIP, in a report submitted to the Energy Congress held in September 1978, cautions, among other conclusions, that "if the current rate, based on separation, continues, both the reserves and the potential for light crude will reach critical levels by 1985." We might well ask now, in 1980, whether this prospect will not be hastened further still in view of the alarming statistics supplied out of self-interest, for the sole purpose of nurturing illusions among a poor and hungry population. And, if greater authority is required in this matter, we have the opinion of Venezuela's most prominent oil expert: "The claim that production is not greater because of the current status of the demand, much less as a result of an overdue decision by the government regarding conservation, is so false that no one would believe it. On the contrary, there is a continued forcing of production from the most salable oil deposits to yield the maximum amount, as was done by the concession-holders in their heyday" (Juan Pablo Perez Alfonzo, October 1978).

When taking a stand with respect to this tragic reality in 1980, we must make the following consideration from a Venezuelan standpoint: The daily production potential for light and medium crude totals only 1.375 million barrels, a volume less than the 1.4 million barrels cited as an oil policy guideline by the Ministry of Energy and Mines to Venezuelan Petroleum S.A. (EL UNIVERSAL, 3 January 1980, p 1-10), to be produced daily during 1980; and it is considered to be geared to sound techniques for conserving the resource, just as if the builder did not use the maximum resistance capacity of the materials.

Hence, it will be impossible to reach that rate which was mentioned, not even by producing to the "maximum capacity." But how much less? How much could be provided with additional production of heavy crude that is marketable under the present international conditions? So, considering the future of Venezuela, why not forget to some extent the additional oil resources which have been counted and recounted recently? Let there be a

reduction in the greed of a society which lives only for the present, without any fear whatsoever of the judgment that will be made of it by the future generations, impoverished before their time by the great damage inflicted on the nation by the irresponsible exploitation of the easily obtained resources in the subsoil, which also belong to them!

Meager Government Participation in Comparison With Large Investments to Continue Liquidating the Oil

In its comment on the national oil income (national participation), the report from the Ministry of Energy and Mines merely reproduces, with similar statistics, the estimates made in our previous study, without mentioning the implications for the country represented by the fact that now, after nationalization, there has been a reduction in the percentage of each dollar of its income that the nationalized oil industry turns over to the treasury, in comparison with the times of the concessionary system. The Ministry simply states that the government's and company's shares "belong to the nation," without asserting what each one is. It must be considered, without any objection, that the government's participation is the only factor offsetting the intrinsic value of the oil that is depleted, compensating for the liquidation of that national asset; and it is the income which is presumably disseminated so as not to harm the future generations nor the perpetuity of the nation. The concept of national participation has been invented to augment the meager government participation with the deceptive addition of what has been reserved by the industry (company participation) for its illusory programs of renovation and recovery. It is erroneous or malicious to attempt to integrate the surplus which the industry itself keeps to be invested in the liquidation of the oil per se with the income which is available (government participation) for investment in every imaginable kind of project, for the purpose of stifling the anxiety over the depletion of the oil capital.

Erroneous Comparisons Which Confuse the Public Persist

The explanation provided by the Ministry concerning the change in the submission of its Weekly Letter should not satisfy even anyone who has prepared the pertinent memorandum. Nothing could be more absurd: "In order to make it easier for the lay reader unfamiliar with the terminology germane to the oil industry to understand, the report concerning production levels was changed." How can "terminology" be connected with the simple figures which reflect "production levels"? And, furthermore, the additional explanation given to justify that change in presentation, "that of gradually reflecting the effort being made by the department to attain the average production level scheduled for this year," has nothing to do with the comparison that has been made since the beginning of the year, one which we have observed precisely. As everyone knows, there is now evidence of the absolute and percentual variations in the average daily production thus far in 1980 with respect to the average daily production for the entire previous year. During the next few months, there will be talk of the "continued decline in

oil production," at percentage rates higher than the real ones to be inferred by a comparison with the cumulative production for the same period last year. According to the explanation given by the Ministry now, the "lay reader who is not familiar" may be mistakenly interpreting "the effort being made by the department to attain the average production level scheduled for this year."

Our Sources of Information May Be Used by the Minister and Anyone Else Interested, As Well

These new considerations which supplement our opinion voiced last week, and which we now defend against the assessments made by the Ministry of Energy and Mines, would be inconclusive if we did not accompany them with the promised list of official sources of the various reports used in our report. We are doing so now for a twofold purpose: on the one hand, that of fulfilling our obligation to release from liability and help to avoid embarrassing situations for public officials concerned over the fate of the country, who may have been the target of the views, the observation or the accusing finger of those who think that they have discovered them to be alleged informants; and, on the other, and in the long run, to preserve our professional ethics, which have been undeservedly attacked by the apprehensive, ill-considered public statements made by the minister of energy and mines. These were the sources of our reports on oil:

Subject	Publication	Table No	Page
Capital invested in the oil industry	Ministry of Energy and Mines-Oil and Other Statistical Data (PODE), 1978		120
Net operating costs and expenses, 1979	Own estimate: total oil industry income-national oil income		
Oil dependence, 1979	Year's end message, President, Central Bank of Venezuela (BCV)		10
Oil exports, 1978-79	Ministry of Energy and Mines-Weekly Letter (different nos.)		
General Price Index for Imported Products, 1974-78	BCV, Economic Report, 1978	A-III-8	A-150
General Price Index for Imported Products, 1979	BCV Monthly Bulletin (Dec 79); own estimate for the year	II.2.01	55

Subject	Publication	Table No	Page
Oil foreign exchange income, 1979	BCV Monthly Bulletin (Dec 79)	I.4.02	51
Standard and oil government income	Ministry of Finance Report (several years)	A.6	13
Oil government income, 1978	Statement of Causes, Budget Bill, 1980	VII-35	
Oil government income, 1979	BCV Monthly Bulletin (different nos.)	III-1.02	69
Total income from oil industry	Ministry of Energy and Mines-PODE, 1978		116
National oil income, 1979	EL NACIONAL, 28 Dec 79		A-1
Company participation, 1974-78	Ministry of Energy and Mines-PODE, 1978		126
Company participation, 1979	Own estimate; national oil income-government participation		
Government participation, 1974-78	Ministry of Energy and Mines-PODE, 1978		126
Government participation 1979	Own estimate based on development of current collection system (Partial Regulation of Article 84 of Income Tax Law, Decree No 1957 of 15 Dec 76, Official Gazette No 31,132), and monthly collections, BCV Bulletin		
Average sales price, 1978	Ministry of Energy and Mines-PODE, 1978		129
Average sales price, 1979	Year's end message, president of BCV, and economic cabinet press conference (27 Dec 79)		
Production potential	Report, Ministry of Energy and Mines (Mines and Hydrocarbons), several years		
Liquid hydrocarbon production, 1974-78	Report, Ministry of Energy and Mines (Mines and Hydrocarbons), several years		

Subject	Publication	Table No	Page
Crude production, 1979	Ministry of Energy and Mines, Weekly Letter No 4 (26 Jan 80)		3
Liquid hydrocarbon production, 1979	Own estimate		
Natural gas production and use, 1973-78	Ministry of Energy and Mines- PODE, 1978		102
Oil GNP, 1979	Own estimate: Year's end message, president of BCV, and economic cabinet press conference (27 Dec 79)		
Proven reserves, 1978	Ministry of Energy and Mines, PODE, 1978		36
Proven reserves, 1979	EL NACIONAL, 28 Dec 79		D-7
Oil export value, 1978	BCV, Economic Report, 1978	A-VI-2	A-306
Oil export value, 1979	Own estimate: volumes exported X average sales price, 1979		
Local sales of petroleum by-products	Ministry of Energy and Mines, PODE, 1978		116

This detailed list of the official sources of information explains the high degree of coincidence between our figures and those supplied by the Ministry of Energy and Mines. It could not be otherwise, because both have the same source. They relate to the same areas and categories, and each is as real and correct as the other; but the ones used by us have not been manipulated in any instance, but rather put in order and presented in the manner which best demonstrates what they mean to Venezuelans. The superficial treatment which the government has given to its own statistics is what makes those contained in our analysis surprising, and the conclusions that we have reached are based on figures scattered in various government publications, which we have now listed for those interesting in learning our work methods. If the minister uses them, as we have, to analyze the same events and periods, he would have to agree with our conclusions: In other words, it is not a trap!

(1) PRECIOS NOTIFICADOS DE ALGUNOS CRUDOS REPRESENTATIVOS VENEZOLANOS

(dólares por barril)

		(4) Precio a 1		(5)	(6)	(7)	(8)		
		31-12-78 a/ 12-3-79 %/		Variac. %	Con base en Acuerdo Conf. Abu Dhabi (Dic. 17, 1978) Decisión OPEC Ginebra del 26-3-79 b/	Al término de 9 meses de gobierno 12-12-79 c/	A más de 9 meses de gob. 31-12-79a/		
(2) Crudo	(3) API	(1)	(2)	(5)=(2):(1)	(4)	(5)=(4):(2)	(6)	(7)=(6):(2)	(8)
(9) Lago Livorno	41	14,35	15,07	5,0			25,70	57,3	28,00
(10) Oficina	34	13,99	14,69	5,0	17,22	17,2	22,45	52,8	26,75
(11) T.J. Mediano	24	12,39	13,01	5,0	15,39	18,3	18,93	45,5	22,93
(12) Bachaquero	17	11,58	11,95	5,0	12,72	8,4	17,00	42,3	20,50
(13) Promedio a/	24	12,24	12,87	5,1	14,89	15,7	18,56	41,2	22,38
(14) Precio promedio (marzo 12, 1979 =100)			100		116		144		174

(15) Estimación basada Acuerdo Conferencia Abu Dhabi (17-12-78)

(16) FUENTE: a/ Información contenida publicación Ministerio de Energía y Minas (3-3-80) (17)

b/ Ministerio de Energía y Minas -Carta Semanal N° 14 (7-4-79) (18)

c/ Rueda de Prensa del Ministro de Energía y Minas - (El Universal, 14-12-79, pág. 1-12) (19)

Key:

1. Notified Prices of Some Representative Venezuelan Crude (dollars per barrel)
2. Crude
3. API [American Petroleum Institute]
4. Price as of
5. Variation
6. Based on agreement from Abu Dhabi conference (17 Dec 78), OPEC decision, Geneva, 26 Mar 79
7. At the end of 9 months of government, 12 Dec 79
8. Beyond 9 months of government, 31 Dec 79
9. Lake light
10. Office
11. T.J. medium
12. Bachaquero
13. Average
14. Average price (12 March 1979 = 100)
15. Estimate based on agreement from Abu Dhabi conference (17 Dec 78)
16. Source
17. Information contained in Ministry of Energy and Mines publication (3 Mar 80)
18. Ministry of Energy and Mines, Weekly Letter No 14 (7 Apr 79)
19. Minister of Energy and Mines press conference (EL UNIVERSAL, 14 Dec 79, p 1-12)

2909

CSO: 3010

END

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SELECTIVE LIST OF JPRS SERIAL REPORTS

WORLDWIDE SERIAL REPORTS

WORLDWIDE REPORT: Environmental Quality
WORLDWIDE REPORT: Epidemiology
WORLDWIDE REPORT: Law of the Sea
WORLDWIDE REPORT: Nuclear Development and Proliferation
WORLDWIDE REPORT: Telecommunications Policy, Research and Development

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